Acodor Largery

# FINANCIAL TIMES



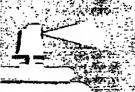


Vital decision IMF weighs up its Russian options



Fisheries policy under attack





Why CFC prices are rocketing

#### WEDNESDAY JANUARY 18 1995

# Santer pledges to push for a more



Commission president Jacques Santer (left) pledged to push ahead with European integra-tion, and challenged visions of a "Europe a la carte". In his investiture speech, Mr Santer con-fronted Eurosceptics

immigration. Santer steers middle course, Page 3

state Warren Christopher began talks in Geneva with Andrei Kozyrev, Russia's foreign minister, under what US officials described as a "black cloud" caused by the fighting in Chechnya. Page 14;

Boost for Mexico's markets: Mexican financial markets were lifted when investors oversubscribed the central bank's auction of tesobonos, short-term dollar-denominated securities at the cen-

Threat to NY credit rating: Leading US credit rating agency Standard & Poor's has threatened to downgrade \$23bn worth of New York City's debt to one notch above junk bond status, accusing the city of "one-shots and gimmicks" to address its financial

Turks push EU customs union: Turkey has started implementing a six-point strategy to overcome strong opposition in Europe to setting up a customs union in 1996, Page 2

UK publishers to challenge ruling: Britain's book publishers plan to press for the right to reinstate minimum prices on UK books sold in the Irish Republic following a ruling by the European Court of Justice, Page 14; Uncertainty remains, Page 8

Franco-Italian aircraft group ATR to merge the two companies' regional aircraft businesses. Page 15;

US ald chief attacks "isolationists": The head of the US Agency for International Development tionists" intent on abolishing the agency and making deep cuts in the foreign aid budget. Page 7

Economy splits Israeli cabinet: Israel's government, gearing up for elections next year, is

Electricité de France, French state-owned

Canadian dollar in turmoil: Concern over debt problems threw Canada's currency and money mar-kets into turnoil. The central bank lifted short-term

Nigeria's free currency market: Nigerian banks began trading in the newly deregulated for-eign exchange market, the first step towards a liberalised economy outlined in this week's 1995 budget. Page 4; Editorial Comment, Page 13

Sastchi peace plan dismissed: Sir Peter Walters, former BP chairman on the Saatchi & Saatchi board, said he "could not conceive" of the adver-tising group's founder Maurice Saatchi rejoining

Britain holds bomb suspects: British anti-terrorist police arrested three men and two women in connection with bomb attacks against Israeli targets in London last July in which 14 people were injured.

five years after the military ousted him as monarch. The government said his son, who has occupied the throne since late 1990, would abdicate.

motor racing team pulled out of the forthcoming Formula One championship season after failing to overcome financial problems.

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O THE FINANCIAL TIMES LIMITED 1995 No 32,577 Week No 3

Baker and Michiyo Nakamoto

Japan was yesterday struggling

to recover from a devastating

earthquake which killed more

than 1,700 people and disrupted

industry and finance in Kansai,

the most important economic

The 5.46am sbock, near the

port city of Kobe, caused the most deaths of any Japanese earthquake for 47 years and was the worst to hit a city since the

Tokyo disaster of 1923, when

Mr Tomiichi Murayama, prime

minister, sent a task force to

Kobe to assess what relief mea-sures were needed. The ministry

of international trade and indus-

try was considering aid for exten-

sively damaged steel, car and tex-

The US, hit by an earthquake

in California exactly a year ago, sent a team to help, while China

and South Korea were among

about 1,000 people were still miss-ing in freezing temperatures last

night, and more than 6,000 were

injured. Water supplies were cut,

bindering efforts to contain fires

nations offering condolences. The death toll may rise, as

region outside Tokyo.

more than 140,000 died.

tiles plants around Kobe.

EU at sea

The long day grows

Only wimps leave before 10pm'



#### Relief teams sent to Kobe area as industry and finance are brought to a halt Death toll rises integrated Europe Incoming European



with a warning that the 1996 inter-governmental conference to review the Maastricht treaty must streamline European Union decision making, particularly in indicial affairs and

Chrysler, US carmaker, increased net profits by 53.7 per cent last year to a record \$3.71bn. The group, the smallest but most profitable of the big three US carmakers, also achieved record turnover and sales volumes. Page 15

Rouble falls despite pledge, Page 3

tre of concern about the country's liquidity crisis. Page 7; US banks hit, Page 15

difficulties. Page 7

British Aerospace is finalising a deal with the

in the threes of a cabinet row over economic policy which is set to harm its popularity further. Page 4

electricity company, has linked with Edison, quoted energy subsidiary of Italy's Montedison group, for its first direct investment in Italy. Page 15

rates for the third time in 10 days. Page 7

the board. Page 19

Lesotho's king to resume throne: Lesotho's King Moshoeshoe II is to resume the throne, nearly

Formula One team withdraws: Britain's Lotus

R STOCK MARKET INDICE	<b>s</b>	MORTH S	EA OIL
NASOAO Composite		(Argus) Brent 15- (Mar) _\$16.655 # QOLD	
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Mexico. A further rise in US rates 85.4 per cent, the highest rate could attract capital to the US, But if the Fed fails to act on with other signs of economic strength, including a plunge in nomic strength, its own credibilthe unemployment rate to 5.4 per ity will be jeopardised. cent, a four-year low. They sug-Yesterday's figures showed gest the economy is continuing to grow at an annual rate of about 4 per cent in real terms, well above the rate seen as consistent with stable inflation. The reaction in financial markets

November. Overall production expanded at

of the quake which measured 7.2 on the Richter scale, motorway flyovers collapsed, rail services halted and about 10,000 buildings were destroyed or damaged. Osaka and Kyoto, important industrial cities, were also hit.

In Kobe, nearest the enicentre

Japanese quake

The prefectures that took the full force of the quake - Hyogo and Osaka - are home to 14m people, more than 10 per cent of

Cost of the quake	Page 5
Lex	
Bonds	
World stocks	Page 32

Japan's population, and account for over 12 per cent of industrial production - an estimated Y55,000bn (\$555bn) a year.
The immediate effect was the

near-paralysis of the region's manufacturing. While the disruption of industrial output is likely to be extensive but short-lived, infrastructural dislocations will cause longer-term economic damage to the region and the country. Mitsubishi Electric had to close five machinery plants, while Daihatsu Motor closed two factories, Mitsnbishi Motors warned that it might suffer parts shortages, and Kobe Steel shut down two plants.

in the region, as apparently undamaged nuclear plants sbut down automatically, while telecommunications to the main cities were restricted for the day, but improved during the evening. Flights to central and western Japan were initially disrupted,

but picked up in the afternoon as airlines scheduled extra flights. The Osaka stock exchange and many banks and securities branches closed, but plan to

reopen today.

Damage claims are expected to be the highest for any disaster since the second world war, said insurance industry officials. They were confident the disaster would not cause an industry crisis as earthquake policies were a

small section of their business. The tragedy is likely to prompt a national re-examination of earthquake preparations. Until yesterday, Japan was confident that its construction standards and warning systems were good enough to avoid casualties on the scale of the 61 deaths in last year's Los Angeles earthquake.

Japan's costly network of earthquake prediction centres gave no warning, because they are based in areas closer to



A truck lies on its side yesterday after plunging from the Haushin Expressway at Avisha, near Kobe,

# Shocked residents battle to cope with devastation

ko Terazon in Nishinomiya, Japan

The smell of gas filled the air in Nishinomiya last night. Residents were forced out into the streets in a district known for its traditional wooden houses. It was 10km from the devastation of central Kobe but the streets and gas pipes were twisted and ruptured, and bouses had crumbled.

Residents had believed that their region, hy Japanese standards, was safe from serious quakes. "I thought earthquakes never hit Kansai," said one

an as sbe surveyed the damage. The first floor of older bouses had collapsed. Concrete walls bad fallen. Newer huildings were more resilient but windows were broken and walls

"It felt like a bomb. I thought I was going to die," said a man standing outside his wrecked bouse in disbelief. Some residents forced ont of their homes were evacuated to local civic centres and schools, while others remained on the streets, fearing further damage from more quakes. The main roads from Osaka to Kobe

were congested with ambulances, fire engines and trucks carrying hoxed meals and other emergency supplies. Undeterred by the sight of the fallen highway and crushed trucks, many people also took to the road in search of missing relatives. "I beard my mother was rescued after being buried alive. She's supposed to be in hospital somewhere," said a woman in a taxi.

Later at night, the streets were abandoned. But, in Nishinomiya, the panic which gripped residents was evident. During the day, people had rushed to nearby convenience stores and bought

up merchandise, stripping the shelves. Evacuees were feeling the lack of food and other supplies. The Nisbinomiya civic centre had only 1,290 rice balls for

1,400 people and 600 blankets. At the Nishinomiya Brain Surgery Hospital, a casualty carried off the ambulance sat dazed and bewildered. Most bospitals are accepting emergency patients, but many ambulances were stuck in the traffic. "These ordinary drivers and cars are obstructing the safety of others," said one ambulance

More than 140,000 people have been

driven from their bomes in Hyogo pre fecture. Some failed to find a place to sleep. In Nishinomiya, one family carrying their belongings in bags settled in front of an office building, while another made the car their home for the

Many residents were shocked by the vulnerability of the Hansbin road which, in parts, bad toppled over. Some came to take photographs of a truck sandwiched by the fallen highway. Others just stood, watching the workers trying to dislodge the crushed vehicles from the concrete mass.

# US industrial output New Rome rise signals further lift in interest rates

Annual % change

1994

in the fourth quarter as a whole,

up from 4.9 per cent in the third period. The industrial capacity utilisation rate rose sharply to

The figures were consistent

US industrial production rose sharply last month, the Federal Reserve reported yesterday, reinforcing speculation that short-term interest rates will be raised again when Fed policymakers meet at the end of this

point increase to 6 per cent in the key federal funds rate - the cost of overnight funds for banks. Some analysts, however, believe the Fed will be reluctant to tighten policy significantly while it is helping put together a financial rescne package for

The likeliest move is a half

worsening Mexico's plight. further evidence of domestic eco-

across-the-board strength in production. Industrial output rose 1 per cent last month, nearly twice the increase projected by many Wall Street analysts. Output of durable consumer goods increased by 1.9 per cent from

an annualised rate of 5.4 per cent

# government in danger of collapse By Robert Graham in Rome

Italy's 54th postwar government

night as the outgoing right-wing coalition promised to vote against the ministerial team put together by Mr Lamberto Dini, the new prime minister. Coalition members, headed by Mr Silvio Berlusconi, the former

premier, said they would vote against the new government because Mr Dini had made too many concessions to the opposi-The decision followed Mr Dini's acceptance of his mandate,

offered to him last Friday by President Oscar Luigi Scalfaro. It prompted two ministers close to the neo-fascist MSI/National Alliance - Mr Gaetano Rasi and Mr Antonio Marzano - to refuse their portfolios respectively at foreign trade and transport before the cabinet of 20 was sworn in.

Doubts about the future of the government caused the lira to fall sharply in late trading, dropping back close to the historic lows of L1,060 against the D-Mark seen at the height of the threeweek-old government crisis. The

Continued on Page 14

170000	annualised rate of 5.4 per cent		Continued on P		continued on Page 14
Pearline   Pearline   14   Ans Guide   11   Commodities   27   Money Markets   18   Money Markets   28   Money M	to the second consecution		CONTENTS		
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Mexican markets rise, Page 7,

Lex, Page 14, Bonds Page 23,

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LONDON - PARIS - FRANKFURT - NEW YORK - TOKYO



The first true MBO of an ICI company was engineered by David Hummel, MD, and Dr Peter Rowley, Chairman, when they bought its Advanced Materials Division, Victrex, in a £32 million deal

& CVC's reputation was the key to convincing everyone our parent company, our customers, our suppliers and our employees. 🦻

We are turning managers into owners all over Europe

Contact us for a copy of our portfolio of case histories of the

acquisition of companies by management.

Alexander of the same

7. \* \* 1 \* \* \*

Dutch lead post

Opposition from the post offices of the Netherlands and Spain yesterday prevented the adoption of a clear-cut agreement on

increasing the tariffs which national post offices in the indus-

The Dutch and Spanish rejected plans for a price increase at a meeting in Brussels of the International Post Corporation, which groups 20 national post offices from Europe and North

America. The lack of unanimity makes it unclear whether the

price increases, originally expected to take effect in early 1996, will now be introduced as scheduled. Participants said that no further meetings were planned, but one said "fax traffic back and forth will be further."

and forth will be furious" as IPC members try to resolve the deadlock. The Dutch, with their low-cost postal service and strategic location on the north-western rim of Europe, have emerged as the continent's most successful "remailer" of post

trialised world charge for delivering each other's mail.

tariffs revolt

EUROPEAN NEWS DIGEST

# Turks plot path to EU customs union

package is on its way."

By John Barham in Ankara

Turkey has begun implementing a six-point strategy to overcome strong opposition in Europe to setting up a customs union in 1996, one of Tur-key's key foreign policy objectives. Anger at widespread human rights

violations and a veto by Turkey's enemy Greece led to an impasse at a crucial meeting last month between European Union and Turkish foreign ministers held to approve a customs union. A final decision was postponed to March 6, giving Turkey time to overcome opposition.

Although France, currently holding the EU's rotating presidency, and

port customs union they were dismayed at the ineptitude of Turkey's preparation for the meeting. On the eve a security court crystalised opposition by sentencing eight Kurdish MPs to jail for up to 15 years for advocating separatism. EU officials were also annoyed that Turkey designated relatively low-ranking negotia-

A senior official co-ordinating Turkey's European offensive now says "after the December meeting people received a deeper sense of urgency. He said the new Turkish strategy consists of the following points: Government and opposition are

constitution, written by Turkey's then military rulers, and reform of strict security laws to bring them into line with European human rights legislation. The official said: The European parliament will vote on customs union and therefore Turkey must prove this democratisation

Diplomatic contacts with EU governments at ministerial and senior official level are being intensified. Turkish officials are travelling to European capitals to lobby for customs union.

ists to mobilise their private and industry contacts in Europe to complement the foreign ministry's lobbying efforts.

 Negotiators hope in rapidly close remaining technical differences with the EU over the customs union treaty. These include regulations on agricultural trade, trade-related intellectual property rights and agreeing on the length of the transition period for Turkey to adopt European rules fully. Officials are pressing parliament to approve the laws required by the treaty, such as controls on state

The government is organising trips by Turkey's leading industrial.
 Turkey's parliament to improve thes

with the European parliament, which cut ties after the former expelled Kurdish MPs, eight of whom were sentenced in Decemb

 Turkey is tentatively offering its arch-enemy Greece compromise formulas for ending their disputes over Cyprus and territorial waters in the Aegean Sea. Officials refuse to give details, fearing adverse public reac-tinu. One idea would be to lift Turkey's objection to referring the Aegean dispute to the International Court of Justice.

Although no breakthrough is expected, Turkish officials hope these gestures will assist the French presidency in overcoming Greece's veto.

#### Retailers to step up fight with **Benetton**

By Andrew Fisher

German retailers annoved by Benetton's sales policies and controversial advertisements intend to step up their cam-paign against the Italian clothing company after crossing swords in court for the first

time yesterday. They claim turnover has slumped in many German shops selling Benetton prodncts and that the company has spurned attempts to discuss their problems. The retailers, who say their discontent is shared by Benetton dealers to France, Spain and Italy, have formed a special association to air their grievances.

Some German licensees have stopped paying for Benetton merchandise in protest against its actions. Benetton, which defended itself strongly against the criticisms, has claimed damages, with the first court hearing in Kassel yesterday.

Mr Heinz Hartwich, who owns four Benetton shops in the central German town, is being sued for nearly DM1m (\$653,600) and has lodged a counter-claim.

The case against Mr Hartwich, who is switching to other clothing lines, was adjourned after 30 minutes to mid-March. Mr Engels said he was representing other retailers being sued by Benetton in Braunschweig and Düsseldorf. Although Mr Hartwich and other retailers say the advertis-ing campaign, which included pictures of a dead Croat soldier and a man dying of Aids, harmed sales, this is only one of their complaints. He said Benetton put pressure on its retailers, who deal with the company through seven regional agents, forcing them to cut prices when it thought fit and sometimes to take

higher volumes than needed. He and Mr Engels said prices of Benetton goods had fallen by an average of about 30 per cent over the past year, with drops of up to 60 per cent in some places.

They said the number of shops selling Benetton goods had fallen sharply over the past year as people had sold out or closed down. Benetton said it had 616 shops in Germany, its second biggest mar-

The Italian company said it was too simple to link falling sales in Germany to the adver-tising campaign. "There is a big crisis [in retailing] all over Europe," said Mrs Laura Pollini, Benetton's spokeswoman. "The problem for shopowners is not only connected to the advertising campaign."
She said Benetton had been

cutting prices over the past three years to keep its goods competitive. Last year, prices had been reduced by 20 per cent in Germany, less than in Japan but more than in Italy and the US. She added that some of the retailers complaining about Benetton had been late-payers of their bills in the past. Also, some retailers did not have the skills to sell

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#### Liberalisation momentum seems greater than ever

# Germans re-open door on shop hours debate

By Andrew Fisher in Frankfurt

Germans have long had to live with restrictions on shop open-ing bours that make it difficult to shop during evenings or weekends. Those used to more liberal shopping hours abroad have tended to seethe, but opposition to change has been

Now, however, the momentum built up by those cham-pioning liberalisation – includ-ing the bead of Karstadt, the largest retail group - looks stronger than on previous occasions when reform has been attempted.

Opinion polls show that more consumers want to be able to shop late every weekday, not just on Thursdays, and longer on Saturdays, Apart from department stores, those wanting more freedom to open wben they please include do-it-yourself outlets, car dealers, fashion shops and other specialised businesses

But changing the Ladenschlussgesetz (shop closing hours law) will not be easy. Trade unions are firmly against an extension of hours Sunday opening is not under discussion - and politicians are reluctant to put their heads

contentious issue. The biggest retail association, the HDE. also opposes reform because most of its members, who are small retailers, are concerned

about costs Mr Günter Rexrodt, the economics minister, found out last year how hard it is to push through changes in the law. His attempt to bring in a wider choice of shopping hours foundered on the stiff opposition of the HDE and the unions and on the government's unwillingness to act before a general election.

This time round, Mr Rexrodt is proceeding more cautiously. Last night be met leading retail associations to exchange views on the shopping law and

Yet politicians will not move until the Ifo economic research institute produces a report this summer. Commissioned by the government, it will assess a variety of arguments and opinions, as well as experience in countries which have deregulated shopping hours such as the UK and Sweden. Mr Uwe Täger, head of Ifo's retail and competition department, said initial research showed that opposition to freer shopping

employees, shops must close at 18.30, except on Thursdays when they may stay open until 20.30. The late Thursday was introduced in 1989 as part of a compromise under which the one "long Saturday" a month was reduced by two hours in summer to 16.00 closing. On most Saturdays, shops have to

close at 14.00.

"We don't want to do away with the law completely," said Mr Hans Haupt, head of the retail industry department of the association of German chambers of commerce and industry (DIHT). "But we would like businessmen to have more scope to make their own decisions,"

Mr Walter Deuss, chairman of Karstadt, Germany's biggest retail group, argued recently that, based on department stores' favourable experience with late shopping in city cen-tres, shops and stores should be allowed to open every day until 20.00, with every "long Saturday" lasting to 18,00. He hoped a consensus-based solution would emerge this year. The emphasis on consensus

was made in the knowledge that little can happen without union agreement. Mrs Margret

against Mr Deuss's proposals. Longer opening hours are nei-

ing sales by tampering with shopping bours. For supporters of change such as Mr Haupt, bowever, the fact that not all shops and shoppers make full use of permitted hours does not matter. The point is that greater free-dom of choice should be available "Then, customers will

ther sensible nor necessary," she said. She accused the big stores of trying to combat fall-

react accordingly. Mr Norbert Ring, a director of Stinnes which operates a big DIY chain, said its stores would open late every night if possible. Abolition of the law, said Mr Helmut Becker, president of the Mittelstand (smalland medium-sized companies) federation, would lead to the creation of more new busi-

While some politicians are convinced, the government will only act if it is sure com-

works. It also supplies local telecoms services in some Brit-

ish towns through its General Cable subsidiary. The two groups are now girding themselves for the next steps in the French telecoms and information services markets. Mr Jacques-Henri David, managing director of Générale des Eaux, said last month the company was considering two options for the information superhighway experiments: the establishment of television and telephone services on its cable network and the construction of a fibre optic network. Mr Cyrille dn Peloux, Lyonnaise Communications chairman, said his company was considering projects from education to

electronic publishing. In pushing to develop their cable networks, the ntilities giants have some influential supporters. Mr Nicolas Sarkozy, the budget minister, says he will "fight to the end for the information superhighway to pass via the cable network" According to Mr Sarkozy, the new services represent a way of reversing the failures of the

French cable sector. Other cards are stacked against the ambitions of the utilities giants, bowever. In telecoms services, France Télêcom can be expected to provide stiff competition to protect already lean prices. In the UK, local telephone charges were relatively high when the cable operators were allowed access," says Mr Pouillot. "In France the rates are already very competitive."

More generally, the prospects for information and multi-media markets are fraught with uncertainty. As one telecoms analyst put it: "All that is clear is the need for substan-

#### Who can stay open when

1817 13	18.30 Thus 20.30	14.00 1st Set in month 16.00 in summer 18.00 in winter	
France*	Mon-Fri	Sat	Sun/holidays
	No legal limit	No legal limit	Food shops may open
المند 🚾			<ul> <li>Marry local exceptions</li> </ul>
Italy	Mon-Fri	Set	Sun/holidays
	Until 20.00 summer	Until 20.00 summer	Closed
	21.00	21.00	
UK	Mon-Fri	Sat	Sun/holidays
S	No local	No local	Small above no limit

emerged as the continent's most successful remailer of post for magazine and newspaper publishers. They opposed the price increases because they were dissatisfied with undertak-ings to improve the quality of postal services between coun-tries and questioned whether the market could bear the price increases being proposed. Spain, which has relatively low postal rates, was rejuctant to agree to any rise that would eventually push up its domestic postal rates. Ronald van de Krol, Amsterdam, and Caroline Southey, Brussels Editorial Comment, page 13 Mercedes optimistic on bus deal Mercedes-Benz expects the European Commission to clear its takeover of the Kässbohrer bus group despite opposition from a consultative committee comprising mergers and monopolies officials from EU member states. A spokesman for the Daimler-Benz subsidiary said approval was expected at the end of February after further consideration of the case by the

Small shops no limit. Large stores up to

strong card to play. Under the

present wage deal, lasting until

the end of 1996, employees are

paid an extra 50 per cent for

the two late Thursday hours;

the legal shopping hours are

written into the wage contract.

Employers do not want to

extend this premium payment

Although there are no firm

estimates as to the number of

jobs (mostly part-time) liberal-

isation might produce, even the HBV could temper its

views if political and consumer

The association of consumer

groups called for "a far-reach-

ing change in this antiquated law" which it called "a foreign

body" in Germany's competi-

tion-oriented economic system.

opinion was strong enough.

to the rest of the week.

#### sion, previously expected by the end of January, would now be delayed for about a month. Christopher Parkes. Frankfurt VW denies Piëch software link

commission. French and Italian representatives on the take-over panel had strongly resisted the deal on the grounds that a strengthened Mercedes might undermine Remault's and Figt's market leadership in their home markets, he added. A spokes-man for Mr Karel Van Miert, competition commissioner, yes-

terday confirmed the panel's opposition and said a final deci-

disin

Mr Ferdinand Piech, Volkswagen chairman, played no role in the award of an ill-fated software contract which threatens to delay the group's plans for sophisticated marketing links between factories, management and dealers, VW said resterday. The automotive group was responding to a press report which said a large part of the ill-starred multi-million-mark contract for VW's EuroElan project had gone to Externs, an Austrian software company part-owned by the Porache family of which Mr Piech is a prominent member. The chairman's stakes in the Porsche car group and Austrian Porsche Holding - which distributes group brands in Austria and Switzerland -were well known, the company said. Christopher Purkes

Mitsotakis bribe case dropped

After a day of stormy debate, the Greek parliament voted at midnight on Monday to suspend corruption charges against Mr Constantine Mitsotakis, the former conservative prime minister and two ex-cabinet ministers. However, at least 15 deputies from the ruling Panhellenic Socialist Movement broke ranks and voted against the motion. The defections were seen as further eroding the authority of the prime minister, Mr Andreas Papandreou, after socialist officials said the debate amounted to a vote of confidence. Mr Mitsotakis, accused of taking bribes while in office and ordering illegal phone-taps of other politicians, told parliament he would prefer the trial to go ahead "because it is dishonourable to prevent me and my colleagues from proving our innocence". But dissident conservative deputies supported the motion, reviving socialist hopes of averting an early general election. Kerin Hope, Athens

#### Zil cash crisis closes 12 plants

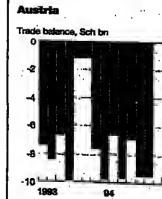
All 12 plants of the Russian car company Zil, famous for turning out presidential limousines but now a truck maker. closed down yesterday as the company said it had no money to buy parts. Mr Valery Saikin, general director, said the company needed Rbs1,000hn (\$257m) to overcome the crisis, but credits appeared highly unlikely. Zil owes Rbs420hn to the state and suppliers. The board of directors will hold a meeting on January 24-25 to search for a solution to the crisis. "But if no ways are found, we will have to discuss nationalisation of the plant," Mr Saikin said. Zil was privatised in 1992 and the workforce reduced from 120,000 to 85,000, with a view to cutting it further to 65,000 as part of a restructuring. But defence spending cuts and the decline in agriculture has hit sales. Production has slumped from a peak of 208,000 vehicles eight years ago to 55,000 in 1994. Reuter, Moscow

#### Death of De Gaulle's planner

Mr Paul Delonvrier, a leading French civil servant who was instrumental in the redevelopment of modern Paris, died this week in hospital, aged 80. Born in Remirement in the Vosges region in 1914, he studied law and political science. He was a member of the resistance during the second world war and became a confidant of General de Gaulle and later of Jean Monnet, the European visionary and first head of the Plan, or economic planning agency. Delouvrier was appointed by De Gaulle as the head of the government's delegation in Algeria in 1958 and oversaw the start of the process of decolonisation until 1960. However, his most lasting legacy is as architect of the radical planning reforms in Paris during the 1960s, to which De Gaulle appointed him with the mandate: "Clear out this pigsty". Andrew Jack, Paris

#### ECONOMIC WATCH

#### Austrian trade growth 'dynamic'



The Austrian trade deficit reached Sch9.5bn (2560m) in November, a 29 per cent increase from Sch7.5bn in November 1993, the Austrian Central Statistics Agency said yesterday. For the first 11 months of 1994, the trade deficit reached Sch100.6bn. a 13 per cent increase from the same period last year. The statistics agency said foreign trade during Navember "remained on a dynamic course", with exports and imports posting double digit increases. The increases were significantly influenced by growth in trade to the Euro-

Single States

The sure

D.L. Greats

pean Union countries, the agency said, with imports from EU countries in November rising 15 per cent and exports up 12 per cent. Trade with eastern Europe also increased, with exports up 18 per cent and imports up 27 per cent. AP.D., Vienna The French national statistics office, Insee, slightly revised upwards its figure for economic growth in the third quarter of last year. GDP grew by 0.8 per cent in the three months from July to September 1994 and not by 0.7 per cent as insee said in

■ Greece's current account surplus stood at \$141m in October 1994 against a deficit of \$334m in the same mouth of 1998. Poland's unemployment in December was up 0.3 per cent from November to 16 per cent. Industrial output rose 4.9 per cent and was 15.4 per cent higher than in December 1993.

discussion – and politicians are reluctant to put their heads above the parapet on such a duced in 1956 to protect Mönig-Raane, head of the HBV nesses and jobs. mercial and public pressure is retail, banking and insurance union, came out sharply changed, the unions have a ests will not foil any reforms. Cable TV battle goes underground

which send films, sport and soap operas into their living rooms is changing hands.

After protracted talks, most

of the cable operations of the Caisse des Dépôts, the state investment institution, are set to be sold to Lyonnaise des Eaux, the utilities giant. France Telecom, the national telecoms operator, is set to pick up the other six of the 22 local networks up for auction.

For the time being at least, the transfer will not change the programmes available to consumers, but the significance of the deal is already apparent. It concentrates power within the country's cable sector, and Illustrates how France's powerful utilities groups are preparing to capitalise on the liberalisation of Europe's telecoms markets and government plans to develop

an information superhighway. The main elements of the deal were concluded at the end of last year. Finalisation of agreements with the municipal authorities concerned is expected soon. The deal will propel Lyonnaise to pole position in the sector. The group's share of the cable market will rise from about 17.5 per cent to just over 30 per cent, giving it a slight edge over Générale des Eaux, the other big French utilities concern and its principal rival. France Télécom will consolidate its position as the third player in the sector. increasing its share from about

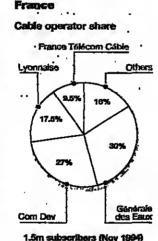
10 per cent to 23 per cent. If the effects are clear, however, the reasoning behind the resbuffle is more complex. On the face of it, expansion in cable appears surprising. "No money in cable," says Mr Did-

able TV viewers in a score of French towns French utilities are jockeying for position in run-up two mobile telephone networks. It also supplies local score of French towns may not be aware of it, but control of the networks to telecoms liberalisation, John Ridding reports

Cable in Europe

Number of households linked to cable (m)

Number of cable subscribers (m) 22



ier Pouillot, director of industrial analysis at Idate, the communications research institute. Unlike some other European

countries, cable has struggled to make headway in France. The country's 1.5m subscribers compare with about 15m in Germany and 3.7m in Belgium. This is attributed to a number of factors: the exclusion of the private sector until 1986; the licensing of new broadcasters such as Canal Plus and M6 in the mid-1980s, which increased competition from non-cable channels; and the high quality of signals on existing stations. The combined effect has been sustained losses. Com-Dev, the cable arm of the Caisse des Depôts, lost about FFr480m (\$91m) in 1993 and an

estimated FFr300m last year. This helps explain the relatively modest price of an esti-

Percentage of total households () 64.6% 97.4% 95.5% 6.0% LIK 2.8%

mated FFr900m for the sale of its activities. Lyonnaise has also racked

np losses in its cable operations, but believes the tide is turning. The company says it expects to break even in its Paris operations this year and that its combined cable activities should report a profit in 1996. It is attracting a growing number of subscribers through new services, such as a pay-per-view movie channel launched last summer.

But it is the prospect of new business areas in telecoms and information services which underpins moves by Lyonnaise to step up its cable activities. Like Générale des Eaux, and even Electricité de France, the state utility and another cable operator, it is enticed by oppor-

Among the most enticing are the provision of telecoms services through cable - due from 1998 according to the EU time-table - and the development of a French information superhighway - a network of interactive data, image and multimedia services. To this end, the French government is to launch a series of experiments with the goal of building a national information superhighway by 2015.

The utilities are usefully

placed for the new opportunities. Since they moved into the communications sector at the end of 1970s in a bid to diversify from low-margin traditional businesses, they have built a presence in media, telecoms and entertainment activities. Lyonnaise, for example is

#### tunities in communications one of the largest shareholders in M6, while Générale des

of Germany's richest states, yesterday launched Europe's largest multimedia pilot projects, designed to establish how much demand there is for tele-shopping and other interactive media services.

A mass mailing was begun yesterday in Stuttgart, the capital of Baden-Württemberg, to contact 14,000 households cable television network.

Around 4,000 will be chosen in eight free of charge, in the three-year project which will begin this summer when Deutsche Telekom's existing cable tele-

The state government in Stuttgart has said it will put up DM10m (\$6.5m) towards the project's total estimated

The Bavarian state government said that together with 60 other companies it would would build and operate a data highway between Munich, the Bavarian capital, and Nuremberg, to establish the extent of demand for similar services. The two southern states have for

tion themselves better in the European

Mr Dieter Spöri, economics minister in Baden-Württemberg, said the project would give the state, home to Daimler-Benz, Bosch and other well known companies, an exceptional opportunity. "By doing this, the state cannot just jump aboard the train, but it can become a locomotive for the whole of Europe. We are facing the alternative of whether the new jobs and the software which go with information technology will be created in Baden-Württemberg companies or will be delivered

Alcatel-SEL will lead the consortium supplying the hardware, including the so-called set-up boxes which will enable viewers to order services through their televisions. Other manufacturers involved are Bosch-ANT, Hewlett Packard and IBM.

Services offered include video-on-demand, telelearning, telegames and other features which will permit the creation of so-called virtual companies where employees no longer work together in a conventional office but communicate over interactive networks. However, Mr Sporl said more information was needed about how practicable such services might be.



By Michael Lindemann in Bonn

which are already hooked up to the regions around Stuttgart to take part, cost of DM80m. The balance will be funded by the European Union, Deutsche Telekom and four makers of telecommunications hardware in the southwestern German state.

# Mitterrand's vision Santer steers middle course for EU thing moves MEPs

A frail President Francois Mitterrand delivered his swansong to the European parliament yesterday.

In simple words and phrases, Mr Mitterrand gave a powerful address which captured the personal philosophy of a politi-cian who has been a force behind European integratioo during the past 50 years.

Many MEPs were visibly moved as the cancer-stricken French president spoke of his memories of two world wars which devastated Europe twice it is perhaps this century, and how he learnt the value of reconciliation with Germany, ooce France's mortal enemy.

"Nationalism is war." he past, it is perhaps the future. It is you who are the guardians of the peace and security (in Europe)." These last words appeared unscripted in a speech hilled originally as a presentation of France's plans for its six-month presidency of

the European Union. However, it soon became apparent that Mr Mitterrand, 78, intended the address as part of his last will and testament on Europe as he prepares to leave office after the presi-

By Lionei Barber in Stresbourg dential elections in May, 14 the need for a new social char years after his own electoral triumph in France.

Many themes were familiar. but they were presented in a casual, wistful tone which explains why old political foes such as Mrs Margaret Thatcher, then the nationalist UK prime minister, found the

'Nationalism is war. War is not just the past, the future'

French Socialist so seductive. European monetary union was an imperative, he said. It was one of Europe's trump cards in the struggle to compete with the rest of the world, and a necessary complement to the single market.

"We must respect the (Emu) timetable and move ahead in 1997," he said. Without naming Germany or the UK, he said he understood that some countries had reservations and there was talk about delays; hut it was important to meet the deadline of 1999.

Mr Mitterrand also spoke of

ter in Europe to guard against against the "blind forces" of the market. He later refined the theme with a strong plea for special protection of Europe's audio-visual market against cheap imports from Hollywood and foreign TV programming - a high priority for

the French presidency. He urged Europe to strengtheo its common and security policy. Referring to the crises in Algeria, Bosnia, and Chechnya, he pleaded for a stronger Western European Union, the fledgling defence arm of the EU. His proposals included the creation of a genuine European armaments industry and satellite observa-tion capacity to match the US. But the highlight came toward the end of his near

hour-long speech to an audi-ence which included Mr Jac-ques Delors, the outgoing president of the European Commission and the man Mr Mitterrand hoped would turn out to be his successor.

Mr Mitterrand told MEPs that he represented a generation whose time was drawing to a close. It was a poignant moment for Mr Delors who leaves office next week after 10 years in power in Brussels.

The president-elect of the European Commission, Mr Jacques Santer, faced a tricky balancing act yesterday as he faced a restive European parliament.

His immediate task was to deflect criticism from MEPs eager to extract maximum concessions ahead of today's investiture vote on the new 20member Commission. A second challenge was to steer a safe course in the fractious debate in Europe on the future pace of political and economic integration. Ever courteous and forthcoming. Mr Santer appears to have hunted most complaints.

His pledge to treat the parliament as an equal partner with particularly his offer to renego tiate the 1990 code of conduct covering the passage of EU laws and the Commission's right of initiative.

His offer to upgrade or personally supervise policy regarding women's rights, development policy toward the former third world, and human rights will not satisfy activists in the parliament; but he could not have offered more without losing face.

The speech itself was wideranging, even mildly controversial for governments in Britain, France and Denmark, where Euro-scenticism remains at its most virulent, Mr San-



Commission president-elect Jacques Santer addressing MEPs 40

ter's rejection of a Europe à la carte, where countries can pick areas of co-operation and integration as if from a restaurant menu, looked like a rebuff to Mr John Major, the UK prime

minister. Nor will Mr Major - or possibly French prime minister Edouard Balladur, a potential future president of France - be

entirely comfortable with his

insistence that further institutional reform must take place in the 1996 inter-governmental conference to review the Maastricht treaty. It all depends on

the extent of change. The clearest targets are the current Maastricht treaty procedures in justice, immigration and home affairs. These are currently based on loose intergovernmental co-operation

reinforced by national vetoes. "I do not feel the current arrangements are up to the

task." he said. His other main points were: ■ The need for a strong Commission. Mr Santer insisted that as guardian of the treaties, the Commission would fully enforce anti-trust law and rules on state aid. He also floated the idea of inserting penalty clauses in directives if member states delayed transposing them into national law. such as occurred in insurance. public procurement and the

■ A single currency. Mr Santer said European monetary union was essential for a strong economy, and would hring "substantial benefits" to people in their everyday lives. But he pledged that the Commission would insist on the strict application of the Emu "coovergence criteria" which sel down targets for reduction in deht, hudget deficits, and inflation before the launch of a

single currency.

Central and eastern Europe. The first priority is a Commissioo white paper setting out how the former communist countries should adapt to the single market. A second document dealing with possible reforms of the common agricultural policy should be ready by the end of the year, though Mr Santer claimed that the implereforms "are making good progress and bodes well for the

future". ■ Trade. Mr Santer appealed for a balance between social and economic forces, as well as the environment. "The Commission will oot besitate to use trade policy instruments to prevent others from plundering our intellectual property or dumping their products on our market."

■ Common security and forelgn policy. Mr Santer said the Maastricht treaty's new arrangements had not delivered the expected results, and promised a more active role for the Commission.

He dismissed suggestions that Americans were becoming less interested in Europe; but he added that Europe had to be united if it was to stand equal with the US. He expressed personal support for a "genuine transatlantic treaty

■ Snbsidiarity. Mr Santer supported devolution of the Brussels decision making process to national and regional level, where appropriate. But subsidcurbing integration. He picked up the British government slo-gan: "Less action, but better action.

■ The need for a new budget culture in Brussels. Mr Santer promised to work more closely with the Court of Auditors. and to fight more effectively

# Yeltsin reform pledge fails to steady rouble

Russian President Boris Yeltsin yesterday reaffirmed his support for privatisation. But his effort to reassure investors and the International Mooetary fund that Russian economic policy was still on course were undermined by a sharp decline in the value of the rouble. ...

Mr Yeltsin's statement was welcomed by western inves-tors, who had said that only a renewed commitment to reform at the highest levels could undo the damage done privatisation minister's pledge to "renationalise" property.

The president's long-awaited comments were issued to a joint statement with prime minister Victor Chernomyrdin, suggesting that Mr Chernomyrdin's moderate faction is regaining control over economic policy.

But yesterday's victory for the reformers was offset by a precipitous slide in the rouble, sparked by fears of inflation and political instability engendered by the Chechen conflict. The rouble, trading at 3,550 to the dollar in mid-December. dropped vesterday to belnw 3,900. The rouble was trading at 3,234 in mid-November after staging a recovering from its 21.5 per cent fall on October 11, the day now dnbbed "Black Tuesday" by Russian traders.

Traders said investors were nping roubles and decreasing their holdings of Russian equities and Treasury bills in favour of the security of hard currency. Traders said the rouhle was weakened hy fears that the war in Chechnya would break the draft 1995 budget and thus jeopardise a \$13bn aid package which an IMF delegation is discussing

this week in Moscow. "If Chechnya means that the hudget blows np then there will be no western credits and the rouble will fall further," one trader said. He forecast that the rouble would fall to 4,000 to the dollar by next week. Mr George Soros, the Hungarian-born financier and philanthropist, warned yesterAgainst the dollar (rbs per \$)

to an immediate end Russia would not reach an agreement with the IMF and would be on course for another round of high inflation.

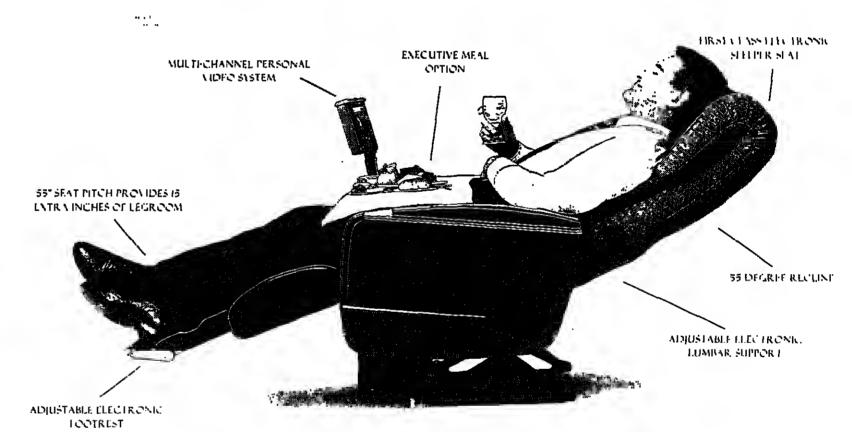
Investor fears, provoked by the prolonged war in Chechnya and signs of the growing power of hardliners in the Kremlin, intensified this week amid rumours of a "secret letter" from the central bank to commercial banks. Russian media reports of the letter's that the central bank intended to freeze hard currency accounts, sent traders scurry ing for the security of the dollar while they still could.

The central bank, which raised the key lending rate to 200 per cent this month and has been intervening heavily in the market, made a further attempt to defend the rouble by forcing commercial banks to reduce their open currency positions by 30 per cent.

The market believes that the central bank is running ont of ammunition." trader said. The rouble's fading fortunes. and Russia's chances of reaching an IMF agreement, could be bolstered if Russian and Chechen forces today abide by a ceasefire

Mr Usman Imayev, the Che chen justice minister, said in Moscow yesterday that "an agreement has been reached on stopping the blnodshed". Russia's Interfax news agency reported yesterday that 1,160 Russian soldiers have died in the six-week-long campaign.

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#### **NEWS:** WORLD TRADE

Words rather than deeds have characterised China's action on counterfeiters

# **US** asks India to extend reforms

By Shiraz Sidhva in New Delhi

The US yesterday urged India to liberalise further its financial sector, and to evolve a regulatory regime to enforce trade-related intellectual property rights (Trips) to promote a greater flow of foreign direct

Mr Ronald Brown, the US commerce secretary, signed seven contracts worth \$2.6bn yesterday, following \$1.4bn in agreements the previous day. Mr Brown said further contracts worth \$16bn were in the plpeline.

Among the agreements signed yesterday, the US Eximbank agreed a \$100m package to belp the state-owned Indian Petrochemicals Corporation import US goods for its petrochemicals complex at Gandhar in Gujarat. AES Transpower of the US and the government of Orissa state agreed a 420MW project in Orissa's Ib valley at a cost of \$250m. The project is backed by a counter-guarantee from the US Eximbank and the

Indian Finance Ministry. Under an unusual deal, the state-owned Indian Oil Corporation and Petrodyne of the US will dismantle and transplant a \$78m refinery in Naples to

Mr Manmohan Singh, the Indian finance minister said India was ready to participate in discussions held by the World Trade Organisation on opening the financial sector and told the US delegation that india was already lowering tariffs in a phased manner to match those in other developing countries. Mr Brown said the US had made it clear it insisted on adequate protection for patents and copyrights during talks with Mr Naraslmha Rao, the Indian prime minister, and other ministers yesterday.

Sony, the first Japanese company to be permitted to set up a fully owned enterprise in India, yesterday launched Sony India, with an initial investment of \$16m. The new subsidiary will manufacture Trinitron, its colour television range, at its new plant in Daruhera in Haryana, to eoter the market by June. Mr Yoshio Kubo, Sony India's managing director, said the company would work "hand in hand" with the Indian electronics industry" to produce the world's finest range of elecanother multinational selling its products in India".

# Beijing balks

at showdown with pirates

Last December, when Mr Lee Sands, the assistant US trade representative, abandoned talks in Beijing because of lack of progress on copyright infringements, it marked a low point in discussions on the vexed piracy issue.

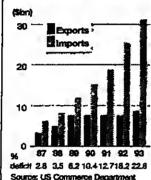
The US took the formal steps

required to impose punitive sanctions after a February 4 deadline. Such action would hit some \$1bn of Chinese imports under Section 301 of the US Trade Act and the mea-sures prompted Chinese threats of retaliation.

An old-fashioned trade war loomed - in the imagination of the headline writers, at least; but as US and Chinese negotiators resume discussions in Beljing today, dangers of a messy sanctions process appear to have receded, although US officials warn that the issue is far from resolved.

"Somehow they have got to

**US trade with China** 



some \$1bm in lost sales in the past year alone. Among factors dictating a stricter approach are pressures from US business, the election of a new Republican-dominated Congress including senior representatives antipathetic to China, and a general feeling that pressures should he increased on Beijing to respect international trading rules.

convince us that compact disc plants are not flooding the

market with counterfeit

goods," said one official. "This

requires immediate action

against flagrant violators...we

The US is determined to

secure real progrees on

stamping out rampant piracy of compact and laser discs,

videos, computer software, and books and magazines, esti-mated to have cost US husiness

need to be convinced."

sentiment are disappointment at China's bombastic approach to negotiations on entry to the new World Trade Organisation. recent instances of Chinese organisations refusing to honour commitments to hanks over money lost in derivatives and commodities trading, and the arbitrary termination of a lease of McDonald's, the fast food franchise, on a prime site in Beijing.

Contributing to a shift of

China appears to have got the message that a mixture of negotiating bluster and vague undertakings to deal with the counterfeiting problem are insufficient. But the question is whether the political will exists in Beijing to crack down

A Paris gendarme piles up seized counterfeit video games

are operating in southern US officials have identified 29 plants as being among the main culprits, and have expressed growing frustration at apparent Chinese unwilling-

ness to tackle the problem head-on. Beijing's reluctance is attributed to the fact that several of the larger plants and worst infringers are owned either by the People's Liberation Army or by powerful provincial governments. But as exasperated US officials point out. Beijing appears

to exhibit few qualms in the publishing sphere when it comes to closing down local publications that it deems to have transgressed strict political or social norms. In the past week or so

China's press has been full of righteous commentaries about action taken against piracy

out the practice. A flood of statistics has been advanced to prove that Beijing is sincere, hut until specific action is taken against the larger plants doubts will persist.

The International Federation of the Phonographic Industry (IFPI) estimates that some 75m pirate CDs are being produced annually, only 5m of which are for sale in the local market. Beijing, in its apparently more conciliatory mood, pres-

ented a proposal to the US two weeks ago almed at defusing the crisis. US officials have welcomed the Chinese offer, but while the "gap had nar-rowed" the two sides were still "far apart on details".

US officials say they are applying a "tbree-tiered" approach to these negotiations. Apart from immediate action against violators, they also want an improvement in the

that would enable companies to seek redress against pirates. The third strand of the US approach is to seek an improvement in market access for US products that are most vulnerable to pirating. Officials argue that if these western items were made more freely available, the market for counterfeit versions would shrink.

China is almost certainly being propelled into taking the US sanctions threat seriously by the fact that it has more to lose economically in the

By the end of last October. Chinese exports to the US had reached \$32.4bn compared with \$31.5bn for the whole of 1993. Imports were \$7.8bn, leaving a deficit after the first 10 months of 1994 of \$24.5bm.

It would he surprising if China were to put in jeopardy this extremely advantageous

#### WORLD TRADE NEWS DIGEST

# S Korea wins more investors

South Korea last year succeeded in reversing a decline in direct foreign investment, but was disappointed to find most investment went to the service rather than manufacturing sector. Foreign investment rose 26 per cent to \$1.31bn last year, the highest amount in three years, according to the Ministry of Finance and Economy. Foreign businessmen have long complained about the country's hostile investment climate, including excessive bureaucracy, labour militancy, the lack of transparent administration procedures, and renophobic attitudes. Last year, the South Korean government launched a campaign to attract more foreign investment by increasing the number of industrial sectors in which overseas companies could operate and introducing simpler procedures for investment approval. But analysts believe the rise in investment may also reflect other economic factors, including 8 per cent growth in the gross national product last year and a

Japan was the largest investor with \$429m, a 50 per cent increase, as Japanese companies sought to escape the effects of the strong yen by transferring production to Korea, where costs are lower. The EU was the largest source of new investments in Korea. Its investments grew by 32 per cent to \$391m. ments in Korea. Its investments grew by 32 per cent to \$391m. The growth, mainly in the service sector, reflects increased interest by EU companies in penetrating the Asian market. US investments declined by 8.8 per cent to \$311m, although new investments more than doubled to \$159m. Last year's results are not completely encouraging for Korea, which sought to attract primarily manufacturing investments in the hope that they would strengthen the domestic industrial base through the transfer of advanced technology. Instead, 79 per cent of the \$681m in new investments was concentrated in the service sector. This suggests that Korea's main attraction for foreign companies is its potential as a consumer market rather than as a production base. John Burton, Seoul

#### China copper talks resume

Negotiations have re-started in London this week between London Metal Exchange brokers who claim to be owed about \$40m by China International Trust and Investment Corporation (Citic) and representatives of the Chinese organisation. The claims arise from trading in the LME's copper market in 1993. Citic's Shanghai branch has so far not met its debts with about 14 brokers. Those with substantial exposure include Credit Lyonnais Rouse, part of the state-owned French hank-ing group, and two US financial services organisations: Merrill Lynch and Lehman Brothers.

PruBache Securities, previously mentioned as being among those pressing for settlement, says it has no financial exposure to Citic – "we owe the Chinese money," said an official. Citic's team in London is ied by Mr Xu Xiwei, one of China's former commercial counsellors to the European Union. Talks, described by one participant as "friendly", might last to January 28 and Mr Xu is expected to report back to Citic's headquarters in China before a deal can be concluded. Kenneth Gooding, Mining Correspondent .

#### Turkmen gas plan seeks funds

Negotiators from six governments, private banks and companies met in Ankara yesterday to discuss a \$6bn project to carry natural gas from Turkmenistan to Europe. Turkmenistan, Turkey, Russia, Iran and Kazakhstan have set up an operating company, the Turkmenistan Transcontinental Pipe-line Company, and talks are now focusing on raising finance for the 2,500km plpeline. Turkmenistan has some of the world's largest natural gas reserves, but limited access to international finance. Iran, whose territory the pipeline would cross, is also unable to raise finance easily. Turkey's stateowned Botas pipeline company says it can raise privately its share of financing for the project. John Barham, Istanbul

French international transport group Interinfra has obtained a letter of intent for a FFr2bn (\$370m) order to construct a metro system for Karachi in Pakistan, Interinfra includes Alcatel-Alsthom, Lyonnaise des Eaux, Schneider and Générale des Baux. Reuter, Paris

# Finance key to French contract success

By David Buchan in Paris

France clinched the FFr15bn (\$2.83bn) nuclear reactor contract at Lingao in southern China by offering favourable terms on price, financing and technology transfer, according to French company and government officials. Bnt they insisted French

companies still planned to make a profit on the deal and tronics, instead of being "just | that the French export credit was strictly in line with agreed international terms.

Mr Jean-Claude Leny, president of Framatome, said the company hoped to make a "normal" 3-5 per cent profit on its FFr6bn contract to supply the two 1,000MW reactors, although it was charging 20 per cent less for them than for two reactors it had huilt previously at nearby Daya Bay in Gnangdong province. Framatome would be able to make use of facilities, equipment and skilled labour from

mies," said Mr Leny, "and we could have offered an even cheaper price if the Chinese had ordered four, instead of two, new reactors". The Sino-French memoran-

dum of understanding was signed only minutes before the internationally agreed minimum Interest rate for long-term nuclear plant contracts rose on January 15 from 6.95 per cent to 8.35 per cent a

of the Banque Nationale de Paris (BNP), the lead organiser for the FFr15bn export credit. estimates that the Chinese saved themselves hetween FFr800m and FFribn over the life of the credit, repayable over 15 years after completion of the reactors in 2002-3.

If long-term market interest rates remain higher than 6.95 per cent, the difference will be paid out of the French govern-

Coface, France's export credit insurance agency, of 95 per cent of the Lingao credit. French exporters' success in China has already made Coface more exposed there than any-

Partly because of its latest success in China, Framatome says it does not now rate very highly its chances of winning a Talwan nuclear contract against competition from year. By signing before the ment's export interest rate sta- Westinghouse, its main rival Daya Bay. "Series production rate change, Mr Jacques Des-is the key to making econo-ponts, executive vice-president ments the guarantee hy ABB Combustible Engineering. on the Lingao project, and

#### **NEWS: INTERNATIONAL**

# Free trade in Nigerian currency starts

By Paul Adams in Lagos

Nigerian banks began trading in the newly deregulated foreign exchange market yesterday, the first step towards a liberalised economy outlined in this week's 1995 budget.

The Central Bank of Nigeria (CBN) yesterday invited some leading commercial and merchant banks in Lagos to quote two-way prices for the naira to the dollar. Its 1995 guidelines on monetary and credit policy are due out today hut they will have no effect on the foreign exchange market, the central

The banks will buy and sell on behalf of their customers, acting as a link between exporters and other sources of hard currency and manufacturers who need imports.

The inter-hank foreign exchange market replaces last year's cumbersome and corrupt system of allocations by the government and has been welcomed by bankers and the private sector generally. The official rate for government agencies and parastatals remains at N22 to the dollar. "We have quoted our rates

without knowing whether the CBN wants us to sell or buy dollars," said one banker yesterday. "We also don't know which way the naira is going so we will begin cautiously."

Much will depend on the rate offered to the oil companies, by far the largest source of dollars in the private sector, who have to sell their currency to the CBN.

Bankers believe that the CBN wants to stabilise the exchange rate at around N75 to the dollar, although the naira was trading at N85 over Christ-

"We want to get an indication of their rates. This will probably be a daily process. said a spokesman for the central hank. "We will be both huying and selling in a free

Last year ahout N66bn, a large part of Nigeria's total money supply, was tied up in irregular bidding at the official foreign exchange market. Unless dollars become available that mass of money could drive up the value of the dollar and cause another sharp fall in the naira. There was speculation in the market that the

deposit much of their naira reserves as stabilisation securities to reduce excess liquidity. So far the main players in the new market are the CBN, and cocoa exporters. According to its records, the CBN has

very limited currency reserves

hut it will intervene in the inter-hank foreign exchange market initially to bolster the value of the naira. sharply recently.

#### Cocoa exporters want to buy naira cheaply to pay farmers. Cocoa prices have fallen See Editorial Comment

# Economic policy splits Israeli cabinet

#### Julian Ozanne on divisions over how to defeat high inflation

T srael's Labour-led government, gearing up for elec-tions next year, is in the throes of a cabinet row over economic policy which is set to Despite strong growth of almost 7 per cent last year and falling unemployment, the economy is suffering from rising inflation of 14.5 per cent, high interest rates and a expanding trade deficit.

Cabinet ministers, exploiting grim forecasts of a looming recession, have launched attacks on Mr Avraham Shochat, finance minister, and urged prime minister Yitzhak Rabm to intervene in economic policy to restore the government's popularity.

Opinion polls show collapsing support for Mr Rabin and his Labour party which fears the government will be judged harshly by the electorate next year if economic performance

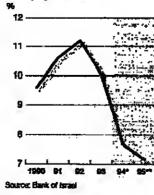
Analysts say politicians are using the economic debate as a vehicle for personal ambition and creating a sense of chaos in the cabinet. Mr Moshe Shahal, police minister, recently

ernment was "hurtling towards economic disaster while the economic leadership heading". Another cabinet minister has launched a public campaign against a stock market capital gains tax approved by the government.

"The husiness community feels that, unless the government gets Its act together immediately It is all over," said Mr Pinchas Landau, columnist at the Telegraph husiness daily. "The real fear is that a bunch of ministers in the cabinet will start pushing populist policies and then we will have to adjust downwards all economic forecasts."

Economists believe the main challenge is inflation. Continuing tight monetary policy by the central bank is expected to curb inflationary trends hut at the expense of growth, forecast at 4 to 4.5 per cent for 1995.

The main problem has been with monetary policy," said Professor Michael Beanstock, economics lecturer at the Hebrew University. "The Bank of Israel hlew it last year and printed too much money but wrote a memo saying the gov- monetary aggregates are now



under control and as long as tance from the central bank the street come election time," the bank keeps its fingers off the printing press inflation should come down to around

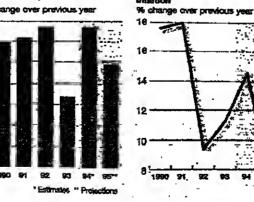
10 per cent." High interest rates have hurt the stock market, with the main index plunging 29.9 per cent last year. The privatisation programme ground to a halt in the face of a weak market and the government managed to raise only Shk614m (£130m) from company sell-offs compared with a target of

nearly 10 times as much. In the face of high interest rates, exporters have campaigned for a devaluation of



employment taxes. \$6bn to \$8.3bn. government is political - the

the shekel but have met resis- taxation to irritate the man in right-wing Likud party.



determined to meet the 1995 inflation target of 8 to 11 per cent. Instead the government has taken measures to reduce lahour costs, hy cutting ing an image of a government

Another concern is with the import boom last year which raised the trade deficit from The main problem facing the

growing sense of public dissatisfaction with economic policy and discontent about the failure of the government to reduce the tax burden There is nothing like high

said Mr Landau.

Political infighting in the cabinet over economic policy has made matters worse, creatawash with self-doubt and confusion as concern grows about an inability to make further gains in peace with Palestinians and other Arah neigh-

Analysts say that until Mr Rahin asserts his anthority, creates public confidence in economic direction and restores cabinet responsibility, the only people likely to benefit are those in the opposition

# **Coalmines** 'safety standards

Coalmining accidents are increasing in some countries as managers cot costs at the expense of safety, says the International Labour Organisa-

A report to the ILO's Coal

Mines Committee says at least 11,000 deaths and Im serious accidents occur in coalmining worldwide each year. China, with 5.4m of the world's 9.4m miners, accounts for more than half these deaths. The committee comprises

representatives of govern-ments, industry and workers from 24 nations accounting for more than 90 per cent of world coal production. Pointing to rising accident

rates in eastern Europe and elsewhere, the report says: The drive for improved productivity has sometimes been stronger than the drive to improve and even maintain safety standards." Among the world's main coal

producers Australia, the US, Britain and Canada have the hest safety records with fewer than 0.2 fatalities per million tonnes of coal produced over the five years 1988-93.

At the other end of the scale is Pakistan (Baluchistan prov-ince) at 29.9 fatalities per million tonnes, Romania (10.3), Morocco (6.12), China (6.1) and Croatia (3.39). Turkey, where 270 miners died in a cata-strophic accident in 1992, recorded a fatality rate of 119 workers per million tonnes. The ILO notes that, while

global employment in coalmining has barely changed in recent years, jobs have shifted dramatically away from Europe and towards China, Russia and Ukraine In eastern Europe 300,000

jobs disappeared between 1988 and 1993, while western Europe

INTERNATIONAL NEWS DIGEST

# UN in \$1.4bn Rwanda plea

The United Nations yesterday appealed for nearly \$1.4bn for Rwanda to meet humanitarian needs this year and begin rebuilding the country'e war-shattered infrastructure and gov ernment machine. UN officials said donor nations had in the past responded generously to the humanitarian crisis facing Rwanda but had been disappointingly slow in pledging funds for reconstruction and rehabilitation. Mr James Gustave Speth, head of the UN Development Programme, warned that unless rehabilitation work in Rwanda began in earnest the stage would be set for "further collapse and further chaos". Governments were not facing up to the need for preventive development assistance, he said.

The \$764m recovery programme for 1995, drawn up by the Tutsi-controlled government with UNDP's help, was essential to pave the way for return of nearly 2.5m Rwandan refugees, restore the country's infrastructure and administrative capability, and establish a working justice system, Mr Speth said. The rest of the \$1.4bm appeal is earmarked for humanitarian needs in Rwanda and neighbouring countries. Frances Wil-

#### Armscor admits Lebanon link

South Africa sold anti-tank rockets and anti-personnel mines South Arrica soid anni-tank rockets and anti-personnel mines to Lehanon's Christian militia in the aftermath of the civil war there, a judicial commission of inquiry was told yesterday. Arms agency Armscor provided a list to commission chairman Judge Edwin Cameron detailing the sale of 200 anti-personnel mines for \$24,248 to the militia in February 1991 through its Middle East agent Mr. Eli Wozan, Yr. June 1992 Armscor, and Middle East agent Mr Eli Wazen. In June 1992, Armscor and Wazen sold the militia nine Milan anti-tank rocket launchers for \$414,900 and 75 Milan rocket missiles for \$673,875. The total value of arms sold to the militia from 1991 to 1993

was more than \$3.4m. Armscor witnesses earlier testified that Mr Wazen introduced the agency to the Christian Militia in the late 1980s – when the militia was involved in civil war with Moslem groups. Arms were sold to the movement until September 1983. Early in 1994, months before South Africa's first democratic elections, it was decided to halt the sales,

Protests greet Israeli 'land-grab'

Palestinians protested yesterday at three sites in the West Bank where they say buildozers and cranes are making a mockery of Israel's commitment to freeze Jewish settlements and implement Palestinian self-rule. PLO leaders declared yesterday "National Anti-Settlement Day" in an attempt to counter what they see as a land-rule by actitions to five a counter what they see as a land-grab by settlers before a counter what they see as a land-grab by settlers before a transfer of authority to Palestinians and Israeli redeployment in the occupied West Bank. Israeli soldiers wounded two Arabs with rubber bullets and beat PLO officials while hreaking up one protest by about 500 Arabs at al-Birch north of Jerusalem. Similar marches near Nahlus and Hebron were also broken up. The wester's coincided with leake to the wester. also broken up. The protests coincided with leaks to the media that the Israeli government planned to huild up to 30,000 homes for Jews in occupied areas, mainly around disputed Jerusalem, in the next four years. Reuter, Jerusalem

ad in

As rescue efforts continued late into the night in the stricken city of Kobe, Japan began to count the economic cost of its worst natural disaster for half a century.

The quake struck at tha country's industrial heartland. The two prefectures that took the full force of the quake -Hyogo and Osaka - are between them home to 14m

people, more than 10 per cent of Japan's population.

They account for over 12 per cent of the country's total industrial production - an estimated Y55,000hn (£355hn) a year, or more than the entire gross domestic product of China. Strategically located in the centre of the country, the principal cities of Osaka and Kobe are among Japan's most important transport and com-

The immediate effect on

such an economic nerve centre was the near-paralysis of the region's manufacturing. While the disruption of industrial output is likely to be extensive but short-lived, infrastructural dislocations will cause longerterm damage to the economy of the region and the country.

The list of industrial casualties yesterday reads like a litany of the world's largest companies. Kobe Steel, ons of Japan's biggest steel manufacturers, was forced to close two of its main plants as power supplies failed.

Output at Sumitomo Metal Industries and Mitsubishi Electric was curtailed. Among motor manufacturers, Daihatsu Motor reported it had discontinued assembling operations at two of its plants. The quaka caused an automatic shutdown of four petrochemical facilities in the

Financial services were not immune to the damage. Osaka is Japan's second financial city after Tokyo and many of the

The earthquake in Japan may have a limited, temporary effect on some specialist steel exports by Kobe Steel, one of the country's main producers, but seems unlikely to spark any rise in steel prices

worldwide, write Andrew Baxter and Paul Cheeseright. Only one of Kobe's plants is in Kobe itself, where the company produces specialised long products, and only about 15 per cent of the company's

iron and steel products are large banks in the area reported difficulties with computer settlements systems. In mid-morning, the Bank of Japan, the central bank, announced it was ready to pour liquidity into the banking systam if serious problems developed. But by close of business, the run on deposits that many bankers had feared had

Electricity was cut when Kansai Electric Power closed eight power stations, including

exported. Mr Martin Doble, of the London-based consultancy Beddows & Co. said Kobe had established a strong niche position in some special

A CONTRACTOR OF STATE OF STATE

products, but other exports, such as stainless steel tubes, could be supplied by rival Japanese producers. 'In the vast majority of

cases, other Japanese producers can pick up the

a nuclear plant, though it would not say whether the nuclear facility had suffered The buge destruction of resi-

dential areas and transport systems meant most employees will he unable to return to work for some time. "It will he weeks before companies start to function at anything like their capacity," Mr Takaharu Akitake, a manager at the Daiwa Research institute in

Earthquake strikes at Japan's industrial powerhouse

slack, and there is plenty of spare capacity." Disruption to supplies could hit UK manufacturing. Mr John Saville, chairman of J. Saville Gordon, the West Midlands company with stainless steel stockholding interests, said Kobe Steel provides 40 per

cent of the angles (L-shaped pieces of metal) used in the UK. Stainless steel supplies have already tightened as UK manufacturing has recovered

Transport problems are at the core of the long-term threat to the region. The road network was ripped apart; rail companies reported widespread hreakdown of their system.

Most disturbingly, the Sanyo "bullet train", which boasts a perfect safety record and reinforced anti-earthquake features, saw eight of its track sections in the region buckle. The quake occurred 15 minutes before the first bullet train of the day was scheduled to leave

1927

PHILIPPINE

197S 1990

INDONESIA

1917 1979

1923 Great Kanto, Kanto

1927 Kita-Tango, Kansai

1944 Tonankai, Honshu

1945 Mikawa, Honshu

1946 Nankal, Kansal

1948 Fukui, Hokurika

Fukui

1995 HYOGO, Kansai

The Pacific ring of fire: major earthquakes this century

NORTH PACIFIC

142,800 8.2

2,925 7.3

1,330 8.0

3,770 7.1

1,700+ 7.2

SEA OF JAPAN

1,220 7.9 :-

2,300 6.8

TOKYO

PACIFIC PLATE

PACIFIC

Kobe Station; officials con-ceded that if the service had been operating the damage would have been substantial.

Water supplies were out for most of the day; the Ministry of Posts and Telecommunications reported severe disruption to the phone network. Estimates of damage to the infrastructure were incalculahle. Reconstruction could take months, if not years,

The destruction of the nation's investment has been enormous, hut the economic activity that will now flow in the reconstruction effort will hring hig benefits. One Tokyo economist said: "Out of the tragedy, the long-term effect for the economy is likely to be positive, since the efforts

required are so great." The huilding sector will he the main beneficiary. On the Tokyo Stock Exchange yesterday, construction shares rose sharply as investors anticipated big-ticket contracts now likely to pull the sector out of

CALIFORNIA

1906 1971 1933 1987 1952 1994

NEW ZEALAND

SEA OF OKHOTSK

PLATE +

1931 1987

into PACIFIC

PACIFIC

.OCEAN

# Japan begins to count cost of the quake Tokyo feels the financial shockwaves

The tremor that shook central Japan yesterday could not be felt in Tokyo, 700km to tbe east, hut it sent a financial shock through the country's capital which could yet reverberate around the world's financial markets.

For years Tokyo has been haunted by the spectre of an eartbquake that could cause huge financial dislocation not only to Japan hut to the global supply of capital.

The overwhelming fear is

that the damage caused by a huge quake in Japan will force the country's financial institutions, which for years have pumped funds around the world's markets, to pull their money back from overseas in the effort to repair the damage At the end of 1993 the total value of Japanese overseas in-

vestments stood at nearly \$1,000hn (£637hn). More than three quarters of that money is in the form of investments in securities.

in the last two years, Japanese investors repatrlated some of it as the country's financial position deteriorated. If that shift turned into a stampede, it could cause chaos in the markets, with the most tangible result being a further sharp appreciation of the yen.

Yesterday that fear moved a little closer to reality. The chief focus of concern is the cost to Japanese Insurance

Total eartbquake damage will not be clear for some time, but it is likely to be far in excess of the \$17hn insured loss incurred by US insurers after the Los Angeles earthquake a year ago.

Anything approaching that figure would be almost impos-sible for the insurers to meet without drawing on foreign investments.

The insurance companies have the largest share of Japanese overseas investment, and those funds would be an obvious choice to meet their liabili-

Mr Hirohiko Okumura, chief economist at Nomura Research Institute, said: "If insurers pull their money out of foreign markets, the effect would be shocking. The yen would rise and further instability would

occur in financial markets." But soms in the market regard such talk as alarmist. They point out that the actual burden for insurance companies of the Kobe quake is likely

Mr David Threadgold, financial sector analyst at Barclays de Zoete Wedd in Tokyo, said yesterday that the extent of insurance coverage for earthquake damage is very limited

"Less than 9 per cent of the population is covered for residential earthquake insurance. and the figure for commercial property insurance is no more than 16 per cent."

He estimates the total liability of the insurance companies s likely to be a small fraction of the total damage. But there is a higger worry for financial

The ease with which so much of Kohe's infrastructure collapsed will heighten the existing nervousness about the stability of Tokyo itself.

Until yesterday, insurers were remarkably sanguine about their ultimate liabilities in the event of a big Tokyo quake · most of the huildings it was claimed, could with stand all hut the severest sbocks.

As Kobe continues to burn, insurers are suddenly aware that their confidence has been misplaced.

The widely expected Tokyo quake will produce far greater liabilities for the insurers than they are estimating; that will force them into a radical review of their approach to earthquake risk. ■ Insurers yesterday played

down the financial impact of the Japanese earthquake ou international reinsurance markets, arguing that domestic Japanese companies were likely to bear the brunt of the losses, writes Richard Lapper.

In London, underwriters at Lloyd's of London, which provides so-called "excess of loss" reinsurance for a number of Japanese insurance companies. said the market had relatively little exposure to earthquake

underwriter who specialises in catastrophe reinsurance. "It is too early for any real estimate but indications are reinsurers will not suffer beavy losses, said a Lloyd's spokesman.

Lloyd's premium income from Japanese companies amounted to \$130m in 1994 but it is understood much of this was for policies protecting exposures to windstorm. Fol lowing Typhoon Mireille in 1991, reinsurance rates for windstorm have risen sharply. tempting underwriters to take on this business.

By contrast rates for earthquake have stayed relatively

# Everyone asks: When will it happen again?

#### By William Dawkins in Tokyo

The one question on everyone's lips in Japan yesterday was not whether, but

when, it will happen again.

There could be heavy aftershocks in the same region in the next few months, Japanese earthquake scientists predicted yesterday. Some, such as Prof Kioyo Mogi, chairman of a sixmember panel of experts responsibls for monitoring selsmic activity around Tokyo, and Prof Toshi Asada of Tokai University, even predicted that

yesterday's quake could be the preinde to an even larger one towards the end of the decade. Seismology is such an inexact science that it means little to say that none of them forecast yesterday's earthquaks. Japan spends \$100m (£62.5m) a year on trying to predict what

proved yesterday to be tragically unpredictable. It came in a unexpected areas, and was unrelated to the minor tremors which have hit

Tokyo so far this year. That is more than double the usual frequency of just over four a month or 50 a year felt in the capital, giving rise to much speculation that

ASIA-PACIFIC NEWS DIGEST

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6.00

Osaka, is at risk. Another area commonly seen as vulnerable is the northern island of Hokkaido, site of several quakes recently, including one that killed 200 in 1993.

Yesterday's quake, says the government's metereological agency, was caused hy the sideways shift of a fault 20km beneath Awajishima Island, near Kobe. It registered 7.2 on the Richter scale, and caused the most damage of any Japanese quake for nearly 50 years.

Japan's seismologists have for years predicted a serious earthquake, of about eight on the Richter scale, around Odawara, a Pacific coastal town 80km south-west of Tokyo, or Suruga Bay, 160km south-west of the capital. Theoretically. they are long overdua for a quake larger than the one that struck yesterday.

Odawara, a hot-spring resort on the edge of Sagami Bay, is balanced on a detached fragment of the Philippines tectonic plate, which grinds against another plate jutting out of the Eurasian continent. nds to produce huge earthquakes there once every

70 years or so. The most recent one was on September 1, 1923, known as the Great Kanto Quake, which at 8.2 on the Richter scale was 30 times more powerful than yesterday's 7.2. It immediately triggered a second quake, mea-

As night closed in, the Hyogo earthquake death toll was climbing towards 2,000, nearly all in Kobe. C) More than 6,000 people reported injured, more than half in Kobe, and

C) About 77,000 people were evacuated to more than 300 makeshift rescue centres on the outskirts of the city. Many fires in the city's centre and western districts consumed row after row of wooden houses, with fremen and rescuers hampered by rubble-blocked and broken roads, fleeing traffic completely destroyed or damaged.

than 140,000 died, of whom

morning.

C) Region's airpons report no serious damage but flights delayed. suring seven, devastating Tokyo and Yokohama. More

more than half perished in the fires that consumed the then Statistically, a repeat of the Great Kanto Quake is now overdue. Seismologists assume the next one will be a single, rather than a 1923-style double quake. Tokyo is less prone to fires now than then, hut the rise in population means the death toll could be higher, up

to 150,000 in Greater Tokyo, ths government's National Land Agency estimates.

Drivers and pessengers killed when

other cars left hanging over edges of

collapsed molonways; roads in central Kobe split by cracks a foot wide; rail

Shops remaining open stripped bare

operations but several resume work by

afternoon and more were planning to

Hundreds of bank branches closed

but many making efforts to reopen by

by panic buying.

Di Many factories in region suspend

ines twisted and trains derailed.

The second earthquake hotspot, Suruga Bay, much fur-ther away from Tokyo, tends to produce upbeavals every 130 years. The last one called the Tokai Earthquake, believed to be eight on the Richter scale. was in 1854, suggesting an 1984 deadline for a repeat. Like the Great Kanto disaster, the 1854 Tokai quake was caused by friction between the

#### Philippine and Eurasian plates. The 1984 deadline has passed without catastrophe, but the local prefectural government of Shiznoka bas become so pressure measured in rocks beneath Suruga Bay over the past 15 years that it has since

monitoring station in Japan. The prefectural and central governments together spend nearly \$2.5m annually on a network of seismic instruments,

built up the biggest seismic

known as the Tokal Net, to give early warning of when the big one hits the region.

An earthquake at either of these two danger spots could trigger a second beneath Tokyo, say some Japanese seismologists, such as Prof Tsuneji Rikitake of Nihon University, another member of the six man seismic panel. Tokyo sits on thres overlapping plates, the Philippine, Eurasian and Pacific plates, a potentially wobbly foundation.

# Public faith in anti-devastation measures shaken

# Herald Tribune fined in Singapore

A Singapore court imposed heavy fines on an American professor and officials of the International Herald Tribune newspaper yesterday after finding them guilty of contempt in a published article. Mr Goh Joon Seng, a High Court judge handed out Singapore's stiffest-ever combined fines in a contempt case involving the media, over an IHT article published on October 7 which criticised unnamed Asian judiciaries. At issue was a reference to "intolerant regimes in the region, some of which he wrote rely "upon a compliant judiciary to bankrupt opposition politicians," according to testimony read

Government prosecutors said that was a slur aimed at Singapore. Mr Goh said be had "no donbt" the offending passage "referred to, and was intended by (author) Christo

passage Teterred to, and was intended by tatcher, chilese pher Lingle to refer to Singapore".

Mr Lingle, a former professor at the National University of Singapore, who quit his job and returned to the US last October, did not return to face charges and was fined S\$10,000 (24,377). Mr Michael Richardson, the IHT's Asia editor who edited the article, was fined S\$5,000. Mr Richard McClean, its Paris based publisher was fixed S\$5,500. International Herald Paris-based publisher, was fined S\$2,500. International Herald Trihune (Singapore), its local distributor, and Singapore Press Holdings, the printer, were each fined S\$1,500. The five defendants were also ordered to pay costs. Reuter, Singapore

■ The Cambodian government has sued two newspapers it previously had intended to shut down for alleged defamation. Samleng Ynvachon Khmer (Voice of Cambodian Youth) and Sereypheap Thmey (New Liberty News) had criticised Prince Norodom Ranariddh, the country's first prime minister. AP,

#### China loan repayment move

China yesterday signalled steps to clean up its loan repayment record following adverse publicity about non-payment of obligations on leasing and other debts incurred by state enterprises. A senior official of the Ministry of Foreign Trade and Economic Co-operation announced that regions and work units with n bad loan repayment record would be denied permission for new loans, and the "further dispersal of old

ones would be cancelled." The official, quoted by the Xinhua news agency, warned that many of China's obligations from the early 1980s, soon after it launched its economic reforms, were coming due. China's foreign debt stood at about \$100bn at the end of 1994. Tony Walker, Beijing

Japan's private sector machinery orders, excluding those for shipbuilding and electric power companies, edged up a seasonally adjusted 0.1 per cent in November from the previous month and an unadjusted 4.7 per cent year-on-year, the Economic Planning Agency said. Reuter, Tokyo

A cache of explosives was found in Sri Lankan President Chandrika Bandaranaike Kumaratunga's residence and two guards were detained for questioning. Reuter, Colombo

Yesterday's disaster has shattered a widely held belief that Japan is well equipped to prevent the worst damage inflicted hy strong earth-quakes, and has shaken public confidence in the country's ability to deal with similar quakes expected eventually to hit other parts of the country.

Earthquake specialists, academics and construction engineers expressed disbelief at the extent of the devastation in Kobe, and the ease with which modern highways, railroads and concrete buildings supposedly built to exacting standards succumbed to the quake.

"We believed the transportation infrastructure had been very well huilt but today's disaster proves we were

By Michiyo Nakamoto in Tokyo private think-tank in Osaka. It was too early to assess the causes of the fires, collapsed structures and crippled public services such as water and electricity, but what was plain to all was the extent to

Maria de la Caración de Maria de Caración which modern Japan had underestimated the damage a powerful quake could have on a large city. Japanese officials had been

fairly confident that precautions adopted would help keep damage to a minimum Bureaucrats had often boasted Japanese highways were built to a standard that virtually ensured they would not collapse even under a fairly strong quake. Images of the elevated Hanshin expressway wrong." said an analyst at a crumpled on its side yesterday

showed their confidence mis-

Japanese research into and precautions against earthquakes is probably unmatched anywhere in the world. An earthquake prediction plan has been in place since 1964 and the Large Scale Earthquake Countermeasures Act was adopted by the government in 1978. The Act designates 167 municipalities in six prefectures as areas likely to suffer earthquakes and provides preventive measures against

expected disasters. Each year on September 1, the anniversary of the Great Kanto Quake of 1923, earthquake drills take place throughout the country. Many Tokyo housewives store ar earthquake emergency kit of hiscuits and water. Every Japa-nese schoolchild knows to hide

Japan's Meteorological

Agency has an around theclock earthquake monitoring system. Local governments designate open areas as evacuation sites and educate the public on what to do. Subsidies are available to improve public facilities to better withstand an earthquake. The Tokyo metropolis has strict rules on where houses cannot be built of wood.

The Kansai quake yesterday revealed the gaps in Japan's preparations. The area was not considered a prime target. though some experts had forecast the likelihood of a large

under a desk, turn the gas off and, if necessary, run outside, in the event of a quake. earthquake in the region. The extent of the steps the authori-ties have taken, and the publicity, may have created a false

sense of security. Construction standards in Japan are widely believed to ensure huildings are fairly quake-proof. But the collapsed buildings in Kobe showed that the popular designs, such as large, open entrance halls, could have made them more

prone to collapse.

The faith placed in the ability of a modern city to rely on technology to serve its needs even in the case of emergen cies meant that problems with traffic congestion after the were also underestimated. Nuclear power plants are set to shut off automatically when tremors reach a certain level.

but confidence in their ability to withstand fairly strong tremors has meant the tolerance level has been raised higher and higher, an official at the Citizens' Nuclear Information Centre says. "There what could happen if a hig earthquake comes," he says.

in its latest study, the metro politan government concluded that a quake death toll could be as high as 9,000 and the houses and buildings damaged likely to top 156,000. The Kan quake hit, with supplying sai quake means those esti-water and preventing fires, mates need to be rethought.

# For Los Angeles, a replay of last year's agonies

#### In San Francisco

For residents of Los Angeles. television reports of the devastation in Kobe are a bitter reminder of the misery caused by the Northridge earthquake, which ripped through the Southern Californian city a year ago yesterday.

As Los Angelenos gathered at events to commemorate last year's quake, many expressed sbock at the severity of damage and the death toll in Japan, where it had been generally believed construction standards and earthquake preparedness plans were more advanced than in California.

President Bill Clinton, visiting California to mark the anniversary of the Los Angeles quake, which killed 61 people. injured at least 9,000 and

caused \$20bn (£12,5bn) in propgovernment an offer of emergency aid. US officials said efforts were under way to locate about 20,000 US citizens believed to have been in or near Kobe

While an outpouring of talian di salah salah

\$11.5bn in federal recovery funds has helped quickly to reconstruct Los Angeles' buckled freeways and damaged properties, many scars remain. A significant number of

earthquake victims still suffer hardships, psychological aftereffects or delays in repairing their homes, according to a survey conducted by the Los Angeles Times. While most Los Angeles residents say their lives have returned to normal,

nearly a quarter of adults in erty damage, sent the Japanese the communities close to the epicentre of the disaster, where about 90 per cent of bomes suffered some damage, said they had yet to overcome the fmancial impact of the earthquake, and more than half had not completed repairs to their homes. Total economic impact on the region, according to the latest estimates from Stanford University experts, is about \$140bn, including lost husiness and structural damage, which is estimated at \$20bn. At least 5,900 buildings were severely damaged by the quake.

Even a year after the event, estimates of losses continue to climb. Yesterday, Allstate, one of the largest bome insurers in the region, raised the estimate of its loss from the Los Angeles earthquake by \$200m to a total \$1.5hn.

#### SCUDDER, STEVENS & CLARK, INC.

We are pleased to announce the following appointments effective January 1, 1995:

#### PRINCIPALS:

Roger G. Attkins

Graham F. Nutter

SCUDDER

Celebrating 75 years



Boca Raton, Boston, Chicago, Cincinnati, Los Angeles, New York, Philadelphia, Portland (OR), San Diego, San Francisco, and Scottsdale Wholly Owned Substituties: Hong Kong, London, Tokyo, and Toronto



ISSUE OF £2,000,000,000

# 8% TREASURY STOCK 2015

#### INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER FOR AUCTION ON A BID PRICE BASIS ON 25 JANUARY 1995

PAYABLE IN FULL WITH APPLICATION

With a competitive bid With a non-competitive bid £100 per £100 nominal of Stock

This Stock will, on issue, be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 26 January 1995.

THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite

2. The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

3. The Stock will be repaid at par on 7 December 2015.

4. The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Stock registered at the Bank of England beld for the account of members of the Central Gilts Office (CGO) Service will also be transferable, in multiples of one penny, by exempt transfer in accordance with the Stock Transfer Act 1982 and the relevant subordinate legislation. Transfers

5. Interest will be payable half-yearly on 7 June and 7 December. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. Interest will accrue from Thursday, 26 January 1995 and the first interest payment will be made on 7 June 1995 at the rate of £2,8932 per £100 nominal

6. The Stock may be held on the National Savings Stock Register,

7. The Stock and the interest payable thereon will be exempt from all United Kingdom taxarion, present or future, so long as it is shown that the Stock is in the beneficial ownership of persons who are neither domiciled nor ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.

8. Further, the interest payable on the Stock will be exempt from United Kingdom income tax, present or future, so long as it is shown that the Stock is in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.

9. For the purposes of the preceding paragraphs, persons are not ordinarily resident in the United Kingdom if they are regarded as not ordinarily resident for the purposes of United Kingdom income tax.

10. Applications for exemption from United Kingdom income tax should be made in such form as may be required by the Commissioners of Inland Revenue. The appropriate forms may be obtained from the Inspector of Foreign Dividends, Inland Revenue, Lynwood Road, Thames Ditton, Surrey, KT7 0DP.

11. These exemptions will not entitle a person to claim repayment of tax deducted from interest unless the claim to such repayment is made within the time limit provided for such claims under income tax law; under the provisions of the Taxes Management Act 1970, Section 43 (1), no such claim will be outside this time limit if it is made within six years from the date on which the interest is payable. In addition, these exemptions will not apply so as to exclude the interest from any computation for taxation purposes of the profits of any trade or business carried on in the United Kingdom. Moreover, the allowance of the exemptions is subject to the provisions of any law, present or future, of the United Kingdom directed to preventing avoidance of taxation by persons domiciled, resident or ordinarily resident in the United Kingdom. and, in particular, the interest will not be exempt from income tax where, under any such provision, it falls to be treated for the purpose of the Income Tax Acts as iocome of any person resident or ordinarily resident in the United Kingdom.

#### Method of Application

12. Bids may be made on either a competitive or a non-competitive basis, as set out below, and must be submitted on the application form published with the prospectus. Each application form must comprise either one competitive bid or one non-competitive bid. Gilt-edged market makers may make competitive bids by telephone to the Bank of England not later than 10.00 am on Wednesday, 25 January

13. Application forms must be sent to the Bank of England, New Issues, PO Box 444. Gloucester, GLI INP to arrive not later than 10.00 AM ON WEDNESDAY, 2S JANUARY 1995; or lodged by hand at the Central Gilts Office, Bank of England, Bank Buildings, 19 Old Jewry, London not later than 10.00 AM ON WEDNESDAY, 25 JANUARY 1995; or lodged by hand at any of the Branches or Ageocies of the Bank of England not later than 3.30 PM ON TUESDAY, 24 JANUARY 1995. Bids will not be revocable between 10.00 am on Wednesday, 25 January 1995 and 10.00 i am on Monday, 30 January 1995.

#### 14. COMPETITIVE BIDS

(i) Each competitive bid must be for one amount and at one price expressed as a multiple of 1/32nd of £t and must be for a minimum of £500,000 nominal of Stock and for a multiple of Stock as follows:-

> Amount of Stock applied far £500,000-£1,000,000 £1,000,000 or greater

Multiple £100,000 £1,000,000

(ii) Unless the applicant is a member of the CGO Service, a separate cheque representing PAYMENT IN FULL AT THE PRICE BID must accompany each competitive bid. Cheques must be drawn on a branch or office, situated within the Town Chering area of a settlement member of CHAPS and Town within the Town Clearing area, of a settlement member of CHAPS and Town Clearing Company Limited.

(iii) The Bank of England reserves the right to reject any competitive bid or part of any competitive bid. Competitive bids will be ranked in descending order of price and Stock will be sold to applicants whose competitive bids are at or above the lowest price at which the Bank of England decides that any competitive bid should be accepted (the lowest accepted price). APPLICANTS WHOSE COMPETITIVE BIDS ARE ACCEPTED WILL PURCHASE STOCK AT THE PRICES WHICH THEY BID: competitive bids which are accepted and which are made at prices above the lowest accepted price will be satisfied in full; competitive bids which are accepted and which are made at the lowest accepted price may be satisfied in full or in part only.

#### 15. NON-COMPETITIVE BIDS

A non-competitive bid must be for not less than £1,000 nominal and not more than £500,000 nominal of Stock, and must be for a multiple of £1,000 nominal

(ii) Only one non-competitive bid may be submitted for the benefit of any one person.

and each non-competitive application form may comprise only one non-competitive bid. Multiple applications or suspected multiple applications

(iii) Unless the applicant is a member of the CGO Service, a separate cheque representing PAYMENT AT THE RATE OF £100 FOR EVERY £100 NOMINAL OF STOCK APPLIED FOR must accompany each non-competitive bid; cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.

(iv) The Bank of England reserves the right to reject any non-competitive bid. Non-competitive bids which are accepted will be accepted in full AT A PRICE 15 (the non-competitive sale price) EQUAL TO THE AVERAGE OF THE PRICES AT WHICH COMPETITIVE BIDS HAVE BEEN ACCEPTED, the average being weighted by reference to the amount accepted at each price and ROUNDED DOWN TO THE NEAREST MULTIPLE OF 1/32ND OF

If the non-competitive sale price is less than £100 per £100 nominal of Stock, the balance of the amount paid will be refunded by cheque despatched by post at the risk of the applicant.

(vi) If the non-competitive sale price is greater than £100 per £100 nominal of Stock, | 8% Treasury Stock 201S applied for applicants whose non-competitive bids are accepted may be required to make a | Amount of Stock applied for further payment equal to the non-competitive sale price less £100 for every £100 nominal of Stock allocated to them. An applicant from whom a further payment is required will be notified by letter by the Bank of England of the amount of Stock allocated to him and of the further payment due, but such notification will confer no right on the applicant to transfer the amount of Stock so allocated. The despatch of allotment letters to applicants from whom a further payment is required will be delayed until such further payment has been made.

16. The Bank of England may sell less than the full amount of the Stock on offer at

The Stock will be initially issued at a price such that it will not be a deep discount security for the purposes of Schedule 4 to the Income and Corporation Taxes Act 1988. Further issues of the Stock may be at a deep discount (broadly, a discount exceeding 1/2% per annum) and in certain circumstances this could result in all of the Stock being treated thereafter as a deep discount security. However, it is the intention of Her Majesty's Treasury that further issues of the Stock will be conducted so as to prevent any of such Stock being treated as a deep discount security for United Kingdom tax Provided the Stock is neither a deep discount security, nor treated as a deep discount security, any discount to the nominal value at which the Stock is issued will not represent taxable income for the purposes of the relevant provisions.

18. Allotment letters in respect of the Stock sold, being the only form in which the Stock (other than amounts held in the CGO Service for the account of members) may be transferred prior to registration, will be despatched by post at the risk of the applicant, but the despatch of any allotment letter, and the refund of any excess amount paid, may at the discretion of the Bank of England be withheld until the applicant's cheque has been paid. In the event of such withholding, the applicant will be notified by letter by the Bank of England of the acceptance of his application and of the amount of Stock allocated to him, subject in each case to the payment of his cheque, but such notification will confer no right on the applicant to transfer the Stock so allocated.

19. No sale will be made of a less amount than £1,000 nominal of Stock. If an application is satisfied in part only, the excess amount paid will, when refunded, be | remitted by cheque despatched by post at the risk of the applicant; if an application is rejected the amount paid on application will be returned likewise. Non-payment on presentation of a cheque in respect of any Stock sold will render such Stock liable to forfeiture. Interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling ("LIBOR"t plus 1% per annum may, however, be charged on the amount payable in respect of any Stock for which payment is accepted after the due date. Such rate will be determined by the Bank of England by reference in market quotations, on the due date for such payment, for LIBOR obtained from such source or sources as the Bank of England shall consider appropriate.

20. Allotment letters may be split into denominations of multiples of £100 on wrine request to the Bank of England, New Issues, Southgate House, Southgate Stree Gloucester, GL1 1UW received not later than 9 February 1995. Such requests must be signed and must be accompanied by the allotment letters. Allotment letters accompanied by a completed registration form, may be lodged for registration forthwit and in any case must be lodged for registration not later than 13 February 1995; in th case of Stock held for the account of members of the CGO Service registration of Stoc will be effected under separate arrangements.

21. Subject to the provisions governing membership of the CGO Service, a member of that Service may, by completing Section C of the application form, request that an Stock sold to him be credited direct to bis account in the CGO on Thursday, 26 Januar 1995 by means of a member-to-member delivery from an account in the name of th Governor and Company of the Bank of England, Number 2 Account. Failure to accept such delivery by the deadline for member-to-member deliveries under the rules of th CGO Service on 26 January 1995 shall for the purposes of this prospectus constitut default in due payment of the amount payable in respect of the relevant Stock. member of the CGO Service may also, subject to the provisions governing membershi of that Service, surrender an allotment letter to the CGO for cancellation and for th Stock comprised therein to be credited to the member's account. The member who shown by the accounts of the CGO as being entitled to any Stock shall, to the exclusion of all persons previously entitled to such Stock and any person claiming any entitlement thereto, both be treated as entitled to such Stock as if that member were the holder of an allotment letter and be liable for the payment of any amount due in respect of such

22. Application forms and copies of this prospectus may be obtained by post from the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW; at the Central Gilts Office, Bank of England, 1 Bank Buildings, Princes Street, London, EC2R 8EU or at any of the Branches or Agencies of the Bank of England; at the Bank of Ireland, Moyne Buildings, 1st Floor, 20 Callender Street, Belfast, BT1 5BN; or at any office of the London Stock Exchange.

#### Government Statement

Attention is drawn to the statement issued by Her Majesty's Treasury on 29 May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, this Stock is issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

BANK OF ENGLAND LONDON 17 January 1995

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TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

I/We apply in accordance with the terms of the prospectus for competitive and

non-competitive bids dated 17 January 1995 as follows:-FOR COMPETITIVE BIDS ONLY Nominal amount of £100,000 £1,000,000 or greater £1,000,000

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Sum enclosed (a), being the amount required for payment IN FULL AT THE PRICE BID:

Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1:

1 10. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1.		
FOR NON-COMPETITIVE BIDS ONLY (ie for Stock to be purchased at the non-compe	titive sale	price as defi
in the prospectus ) Nominal amount of 8% Treasury Stock 2015 applied for, being a multiple of £1,000, with a minimum of £1,000 and a maximum of £500,000	£	·· · · · · · · · · · · · · · · · · · ·
nominal of Stock: Sum enclosed (a),		

applied for:	1.2	
FOR CGO MEMBERS ONLY		
CGO PARTICIPANT NUMBERTel 1	Йо	<b>Jaip p. 4.9.0</b>
Name of contact		

THIS SECTION TO BE COMPLETED BY ALL APPLICANTS

I/We request that any allotment letter in respect of Stock sold to me/us be sent by post at my/our risk to me/us at the address shown below. IN THE CASE OF A NON-COMPETITIVE APPLICATION, I/we warrant that to my/our knowledge this is the only non-competitive application made for my/our benefit (or for the benefit of the persons on whose behalf f

am/we are applying).
IN THE CASE OF AN APPLICATION BY A MEMBER OF THE CGO SERVICE WHO HAS COMPLETED SECTION C, we request that any Stock allocated to us be credited direct to our account at the Central Gilts Office. We hereby irrevocably undertake to accept such Stock by member-to-member delivery through the Central Gilts Office Service from the Governor and Company of the Bank of England, Number 2 Account (Participant number 5183) by the deadline for such deliveries on 26 January 1995, and we agree that the consideration to be input in respect of such delivery shall be the amount payable by us on the sale of such Stock in accordance with the terms of the

	SIGNATURE(S).	= 1
Date	of, or on behalf of	f, applicant
PLEASE USE BI	LOCK CAPITALS	
MR/MRS MISS/MS		FULL SURNAME
FULL POSTAL ADDRESS		
TOWN	COUNTY	POSTCODE
to be registered	AVINGS STOCK REGISTER: on the NATIONAL SAVINGS is a limit of up to £25,000 non	STOCK REGISTER

A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "New Issues". In respect of competitive bids, cheques must be drawn on a branch or office. situated within the Town Clearing area, of a settlement member of CHAPS and Town Clearing Company Limited. In respect of non-competitive bids, cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.

The procedure for any refund, or further amount payable, is set out in the

APPLICATION FORMS MUST BE SENT TO THE BANK OF ENGLAND, NEW I ISSUES, PO BOX 444, GLOUCESTER, GLI INP TO ARRIVE NOT LATER! THAN 10.00 AM ON WEDNESDAY, 25 JANUARY 1995; OR LODGED BY HAND AT THE CENTRAL GILTS OFFICE, BANK OF ENGLAND, BANK BUILDINGS, 19 OLD JEWRY, LONDON NOT LATER THAN 10,00 AM ON WEDNESDAY, 25 JANUARY 1995; OR LODGED BY HAND AT ANY OF THE BRANCHES OR AGENCIES OF THE BANK OF ENGLAND NOT LATER THAN 3.30 PM ON TUESDAY, 24 JANUARY 1995.

A leading US credit rating agency has threatened to downgrade \$23bn worth of New York City's debt to one notch above junk bond status, accusing the city of using "one-shots and gimmicks" to address its mounting financial difficulties.

The move is particularly disturbing for New York because the city has struggled hard to restore its financial credibility after the crisis that took it close to bankruptcy in the mid-

Standard & Poor's said it was putting on CreditWatch with negative implications its single A minus rating on New York's general obligation bonds. The general obligation bonds constitute the bulk of the city's

S&P is taking the action because of the city's plans to use refinancing to plug a gap in its budget for the financial year ending in June. The refunding was intended to provide \$120m worth of budget relief by shifting current debt costs to future years.

The need for the issue has arisen because New York City faces a \$650m shortfall in its current year budget of \$31.6bn.

This has been caused mainly by the recent downturn on Wall Street, which has hit revenues from banking and corporation taxes as well as the city's wider economy.

Even before this shortfall had emerged, however, the city had been facing acute financial difficulties. Public spending has risen sharply over the last few years, but revenues have failed to keep up because the city has largely failed to share

in the US economy's recovery.

Mayor Rudolph Giuliani, who last year became the city's first Republican mayor in a generation, has been trying to tackle the city's widening deficit by cutting spending. He has already cut 14,000 jobs from the city's municipal workforce of 216,000, but needs heavier cuts to meet a \$2bn deficit looming in the next financial year.

S&P said the mayor's plan for the next financial year due ont next month - would be reviewed for evidence of continued progress towards long-term structural budget If the plan continued to

incorporate "renewed oneshots and gimmicks" the city's general obligation bonds would be downgraded to triple B cate-

# NY accused | Mexican markets rise on tesobono success

By Ted Bardacke in Mexico City

Mexican financial markets received a boost yesterday as the central bank's auction of tesobonos, short-term

worry about the country's liquidity

crisis, was oversubscribed. The successful auction showed that confidence in Mexico's ability to repay dollar-linked obligations has been re-established for the moment

stock market higher.

Yesterday's auction was considered particularly important as it was the first since a US plan to provide Mexico with up to \$40bn (£25.6bn) in loan guarantees was outlined. Also. \$912m in tesobonos mature tomorrow and the government was boping that enough of the paper was rolled over to reduce pressure on the peso.

Apparently that is what happened,

helped to strengthen the peso against tesobonos offered, giving 19.75 per cent the dollar and pushed the Mexican rates for three, six and 12-month instruments. The demand was so high that the bank sold \$100m more threemonth securities than originally planned

Last week the central bank was able to sell only \$64m of the \$400m auction we are going to be in trouble offered. Brokers said investors bad been drawn to the instruments yesterday by high rates and expectations that the US financial support package would get through the US Congress

the package would bave to be ratified soon to keep the momentum

going. "People were buying on expectation this week," said one foreign broker. "But if we don't bave a package in place by next week's again.

Nervousness before the auction weakened the peso to 5.55 to the dollar. After the auction results were announced, the peso immediately

among some investors. The results as the central bank sold all \$400m of quickly. But they cautioned that strengthened to 5.25 before weakening again to 5.32, still stronger than Monday's close of 5.43.

Currency traders said a more positive response was dampened by the more than \$500m difference between the amount of tesobonos sold and the amount which come due later this

At midday the main IPC index of the Mexican stock market was up 0.14 per cent, the first time in several days that the peso and stock market had

Canadian

in turmoil

By Bernard Simon in Toronto

Nervonsness nver Canada's

debt problems threw domestic

currency and money markets

into turmoil vesterday, with the Bank of Canoda lifting

short-term interest rates for the third time in 10 days.

The central bank acted after

the Canadian dollar tumbled

by more than balf a cent

against the US dollar in early

trading. Traders ascribed the

slide to a warning by Mr Al

Friedberg, a Toronto currency

and commodities trader, that

markets

Accord would boost hopes for Chiapas settlement

# Zedillo poised to sign political reform deal

By Ted Bardacke

The Mexican government and the country's three main political parties were due to sign an agreement yesterday on national political reform that would take electoral organisation out of the hands of the federal government and call for new gubernatorial elections in at least one state.

The expected accord signals that President Ernesto Zedillo is refusing to let Mexico's financial crisis derail his commitment to political reform and that he may even be pushing the political agenda forward to deflect criticism over the country's economic woes.

The agreement is also likely to increase the chances of a negotiated settlement to the armed conflict in the southern

state of Chiapas, where negotiations with the Zapatista rebels resumed on Sunday.

The document would commit the signatories to agree citizen control of the Federal Electoral Institute, limits on campaign spending and financing, and rules on equal media access for political parties. Details of how to promote similar reforms at state level and the direct election of the mayor of Mexico City are also expected to be

agreed.

The federal government will agree to tackle political conflicts in the states of Chiapas, Tabasco and Veracruz, while the political parties promise not to engage in civil disobedience campaigns over state elections once the reforms are agreed and implemented. These last two points are the

individual states.

most immediately sensitive in the accord. New elections are likely to be called in Tabasco. where supporters of Mr Cuauhtémoc Cárdenas's leftist Party of Democratic Revolution (PRD) have halted the state's oil production and blockaded the governor's palace in protest at alleged elec-toral fraud in last November's

Removing or undercutting Tabasco governor Roberto Madrazo - or Chiapas governor Eduardo Robledo, who also faces opposition demands for his dismissal - would break a pledge by Mr Zedillo to stay out of the political affairs of

Presidential aides say Mr Zedillo is willing to go back on this promise in order to break the political deadlock, as long



Cardenas: demand for new Tabasco elections may be met Libe Taylor

as he receives assurances that this reform will have to be negotiated only once, and that the opposition parties, the PRD and the centre-right National Action Party (PAN), will be satisfied without reservations,

"We realise that a political reform without the PRD is not a political reform, so they in effect have veto power over the design of the plan," said one presidential political adviser. "But once they sign on we need a guarantee that they will

adhere to the new rules, The accord could bolster US political backing for the pro-

posed package of loan guaran-tees for Mexico. Some US congressmen have said further political opening should be a condition for financial belp. Mexican officials deny that there is any outd oro out with the US government, but at least one official recognised that the timing of the announcement "certainly won't hurt".

Canada will not get to grips with the debt issue "until we have a massive crisis". At midday yesterday the

Canadian dollar was trading at 70.36 US cents, down from just over 74 cents last October Canadian honds also fell sharply and the Bank of Canada signalled a rise of 0.5 percentage points in its overnight call-rate band. Commercial banks will raise

their prime lending rate today to 9.25 per cent from \$.5 per The rate was 5.5 per cent at

the beginning of last year. Markets are especially edgy in the run-np to the federal hudget, which is expected to be presented on on February 28. Mr Paul Martin, finance minister, bas promised that the budget will pave the way for cutting the budget deficit. to about C\$25bn, or 3 per cent of GDP, in 1996-1997.But the sport in interest rates has put Mr Martin in a corner by

sharply raising deht-service

# **Aristide remodels** Haiti security forces US foreign aid chief attacks 'isolationists'

By Canute James in Kingston

Haiti's 7.000-strong army has been dismantled, concluding one of the major reforms promised by President Jean-Bertrand Aristide who was rein-

stated three months ago. The reorganisation of the security forces, which have run the country for all but a few months over the past nine years, is intended by Mr Aristide and the US government to reduce the chances of military involvement in politics such as men.

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the 1991 coup which sent the president into exile for three years. The army's leaders were themselves forced into exile

National security will be the responsibility of a rebuilt police force, including some former soldiers, and supported by a refashioned civil guard of about 1,500 members.

Mr Wiltan Lherisson, the defence minister, said the new national constabulary would have between 5,000 and 6,000

#### By Jurek Martin in Washington

The head of the US Agency for International Development (AID), Mr Brian Atwood, yesterday launched a passionate counter-attack on the "sceptics and isolationists" intent on abolishing the agency and making deep cuts in the foreign aid budget.

In a speech to a Washington conference, he accused members of Congress, conservative think-tanks and radio talk show bosts of bolding the "naive" belief that "trade can substitute for development when in fact trade. . . is a natural consequence of successful development." US leadership was at stake, be argued.

"Morality is not simply something for domestic consumption alone," he said. "It is remarkable that some wbo advocate a return to tradi-tional standards in America can simultaneously argue for moral indifference in international conduct. This is not what other nations expect of us and not what the American people want."

Mr Atwood was particularly incensed by criticisms of the performance of AID itself, "The problem is not the informed critics who bonestly believe there is a better way of achieving our goals. The problem is created by those who want to win the day by tearing down our institution."

Such an approach "by some

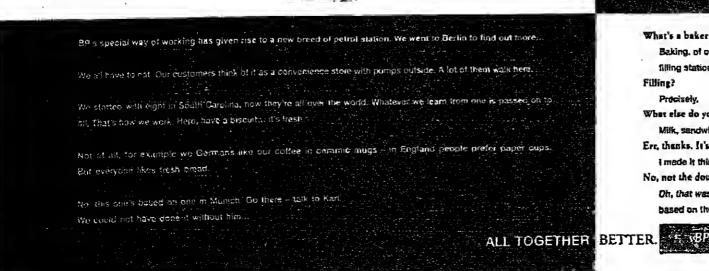
on the Hill" was short-sighted. he said. If the agency were dismantled now, "make no mistake, we will bave to reinvent

it later. This last remark may also be interpreted as resistance to the drive led by Vice-President Al Gore to "reinvent government" by making it more efficient. One of its botly debated ideas, by no means certain of adop-tion, would place three quasiindependent agencies - AID, arms control and disarmament

(USIA) - under the direct control of the secretary of state. But the more palpable threat comes from the new Republi-

can majority in Congress. Senator Mitch McConnell of Kentucky, chairman of the appropriations snb-committee covering foreign aid, bas already spoken of the need for a 20 per cent cut in external assistance this year. Many have also demanded the abolition of the agency.





# BP, who bring billions of barrels from the back of beyond now bake biscuits in Berlin.

What's a baker doing in a petrol station Karl?

Baking, of course. We offer fresh pastries on a three hour cycle - like they do in America. We are making our

Filling?

Procisely What else do you sell here?

Milk, sandwiches, coffee, pet food - here, have a doughnut

Err, thanks. It's a great idea, when did you come up with it?

I made it this morning... it is fresh. No, not the doughnut, the bakery.

Oh, that was not my idea, you must talk to Hans in Berlin, I am learning a lot from him. For instance this store is based on the layout of one in Australia. He brought the design back, we could not have done it without him.



# Beleaguered premier starts to fight back

By Kevin Brown and David Owen

The Conservative party's New Year campaign to recover from its worst ever opinion poll ratings was boosted yesterday by Mr John Major's best Commons performance since the 1992 general election.

Tory MPs said Mr Major'e tough performance would have an immediate impact on Conservative morale, which has been badly damaged by a steep decline in the party's opinion poll rating to a low point of less than

cheered and clapped Mr Major's forceful approach, ministers were locked in last-minute attempts to stave off the prospect of an embarrassing defeat today on European fishing policy.

Government fears that nine Ulster Unionist MPs might vote against it on a Labour motion condemning the EU's common fisheries policy prompted efforts by Mr William Waldegrave, agriculture minister, to head off the rebellion.

It also emerged that Mr James Molyneaux, the UUP leader, expects to meet Mr Major later this week to

possible inclusion of all-Ireland institutions in a framework document for constitutional talks being drawn up by the London and Dublin govern-

The Unionists appeared likely to abstain rather than seek to put pressure on the government by voting with Labour. Abstention would not be enough to threaten the government's majority.

Few of the nine Eurosceptic MPs excluded from the Conservative parliamentary party appeared willing to

and the second

Mr Michael Carttiss, MP for Great Yarmouth - the only rebel who voted against the deal last month - said be would abstain.

Conservative MPs from the south-west of England, where anger about fishing policy has been greatest, tabled an amendment criticising the EU deal, but were thought unlikely to rebel.

A separate debate on railway network ticketing is unlikely to prompt a rebellion by Conservative MPs in spite of Labour attempts to attract support by concentrating on the impact of privatisation on rural sta-

tions. In the question-time exchanges, lauded by Conservative MPs as the beginning of a government fightback, Mr Major ruthlessly exploited Labour difficulties on rail nationalisation, the veal trade and executive chare

The prime minister also prompted laughter on both sides of the Commons with a jibe contrasting support by Mr Tony Blair, the Labour leader, for greater powers for the European parliament with his angry denunciation of leftwing Labour members of the parliament at a conference in

The government yesterday deflected criticism over the

treatment of live calves for

slangbter by revealing that

the last Labour administration had lifted a ban on live animal

Amid growing controversy

about the manner in which

British-born calves are treated

by European farmers, Mr Paul

Marland, Conservative MP for

Gloncestershire West and a

farmer, claimed in the House

of Commons that Labour had

lifted a ban on the export of

live animals in 1975, one year

after it had been imposed by a

Tory government.
Mr Gavin Strang, Labour's agriculture spokesman, last night admitted that the gov-

ernment led by Mr (now Sir)

Edward Heath had temporar

ily suspended the issue of

licenses for animal export in

1974. The issue had been

debated in the Commons in

January 1975 and a lifting of

the ban had been supported by

the Labour government.

exports 20 years ago.

# News of MP's shares makes Labour wince

By John Kampfner,

The opposition Labour party's campaigns against transport privatisation and management nerks suffered a severe emharrassment yesterday when it was revealed that a former front bench spokesman could stand to gain £40,000 (\$62,400)

in a share option deal.

Mr Peter Snape, MP for West Bromwich East and an opposition spokesman on transport for nearly 10 years, admitted be had accepted options on 40,000 shares in his capacity as non-executive director of West

Midlands Travel. The Birmingham-based company was taken out of local authority hands in a management-led workers' buyout in December 1991. Preparations are being made for flotation, possibly in the autumn.

All 5,000 employees were offered shares at a nominal price in 1991. Later, the 60 most senior managers and 700 longest-serving employees were given the chance to take out options. Mr Snape, a former rail

worker, became an unpaid nonexecutive director in August 1992, three months before he left the shadow cabinet in a reshuffle. He said he accepted the offer of options in late 1993 at a price of 55p. He acknowledged that the

shares were being valued at around £1.50 but said he would convert them into shares and not cash them in.

which we object,"

#### prime minister John Major said: "I welcome the flotation. I hope it is a great success and the honourable member does very well out of it because the privatisation of bus services has proved immensely success-

Mr Snape said he had declared the matter in the register of MPs' interests. "We have to live in the world as it is," he said. "It is untaxed or insufficiently taxed options to

# At Commons Question Time, 'Sleaze' inquiry is told to crack down

The Nolan committee investigating standards of conduct in public life was yesterday urged to recommend the curtailment of MPs' outside business interests, particularly their associations with commercial lobby-

At its first public session, the committee heard repeated complaints from expert witnesses

Amid continuing concern about recent "sleaze" scandals at Westminster, the toughest call for the curtailment of such activity was made by Mr Roy Hattersley, the former Labour cabinet minister, who called for a total prohibition on any MP from taking part in com-

called for a Commons resolntion prohibiting links between MPs and lobbying companies. He also demanded the creation of an independent authority to monitor MPs' conduct.

Mr Hattersley told the committee lobbying was "the most common form of abuse because it does not require any talent." He added: "It is the duty of an MP to lobby strictly on behalf of three causes: constituency, party and conscience."

Lord Blake, a historian of the Conservative party and a prominent Tory peer, argued that no MP should be a paid consultant for any outside interest.

The recent "cash-for-questions" scandals amounted to the worst financial improprieties at Westminster since the Edwardian era, he said.

The Nolan committee is expected to produce wide-rang-

lower than many of the numaround but our reliance on subsidy will also be lower. This has injected certainty into at

In parliament, Mr Henry McLeish, Labour's transport spokesman, called Mr Swift's decision "the latest nail in the

least one part of the jigsaw

UK NEWS DIGEST

# 'Corruption' is alleged over student loans

Government anditors are investigating "aignificant new allegations of corruption" with the Student Loans Company, the National Audit Office disclosed yesterday. The office was already investigating the company, which distributes government loans to students and then collects repayments, but there have been fresh allegations from a former employe Sir John Bourn, head of the audit office, said the Depart ment for Education had appointed Coopers & Lybrand, the accountancy firm, to investigate the company. He said: "Origi-nally this investigation was expected to be completed quickly,

but this proved impossible as Mr Ron Harrison, the chief executive, has been too ill to answer questions."

The acting chief executive, Sir Eric Ash, said the world corruption was "totally inappropriate". He added: "The basic inquiry is about allegations made by a former employee of this company about certain improprieties relating to things like expenses, which in numerical terms are at a rather minor

Sir John said the company expected to make "at most 5.500 legal actions" against defaulters in 1995-96. The volume of work created by tracing defaulters and entering litigation against them would "increase roughly eightfold" over the period from 1992-93 to 1995-96. John Authers, Education Correspondent

#### Nadir faces court action

The administrators of Poly Peck International, the collapsed empire of the fugitive businessman Mr Asil Nadir, are to seek a court injunction this week to prevent him selling assets from the group's subsidiaries in the breakaway republic of northern

Mr Christopher Barlow, lead administrator and a partner in accountants Coopers & Lybrand, said attempts appeared to have been made to sell plant and machinery at Unipac, a subsidiary which makes packaging for fruit. Mr Barlow added that, although Mr Nadir had defaulted on a payment to the government in northern Courses to clear cathefunding for delate. government in northern Cyprus to clear outstanding tax debts, the had been given time to pay - possibly up to mid-February.

"This is pretty outrageous," said Mr Barlow.

He added that the administrators had offered to set up a

repayment scheme as legal owners of the subsidiaries. "The government declined to discuss an installment agreement with us." Despite repeated attempts to find the extent of the tax debts in northern Cyprus "we have never had a single reply to our enquiries." Jim Kelly, Accountancy Correspondent

#### Drivers keen to go on driving

The biggest survey of motoring in Britain suggests that many drivers favour growth in public transport, but only so that other drivers will use it. More than 30 per cent of the 1.519 drivers quizzed for this year's Lex Report on Motoring say, they no do not think more spending on roads will reduce congestion. About 40 per cent urgs the government to spend more on improving train and bus services instead. "Drivers appear to be supporting measures which they think will restrict other motorists rather than themselves, since they do not see themselves being able to cut down on their own use of their car," the survey concludes. John Oriffichs, Moloring Stuff

#### Dispute over temple deepens

The International Society for Krishna Consciousness (Iskcon) yesterday urged the government to intervene in a dispute about the future of a Hindu temple about 40km north-west of London. Iskcon produced a statement yesterday from Mr Lal Krishan Advani, president of India's opposition Bharatiya Janata party, who said: "The right to religious worship is a fundamental human right. We urge the British government to intervene in the matter and ensure that the borough decision



is reversed." The statement was issued at the opening of an inquiry into the refusal of Hertsmere borough council to allow the house at the heart of the dispute to be classified as a place of public worship. Many local residents oppose the conversion of the house, given to the Krishna movement by former Beatle George Harrison in 1973. Hindu representatives from commitnities all over Britain will attend the inquiry each day. There will also be demonstrations outside government offices in

BANK DEVELOPMENT: Société Générale, the French bank, has won planning permission to redevelop its former City of London headquarters building. Wates City of London has been appointed development manager. The scheme will be one of the largest speculative developments in the City.

APPEAL TO U.S. The Air Accidents Investigation Branch urged the Federal Aviation Administration of the US to order modifi-cations to Boeing 747-400 tailplane systems. Its call came after canons to Boeing 141-440 emplane systems. Its cau came after a report about an incident involving a British Airways Boeing 747 which left London Heathrow for Bangkok in 1993. The aircraft lurched nose-down soon after take-off when some of its elevators shifted without warning. The pilot pulled the aircraft back on course. The investigation branch blamed a change in pipework made on some 747s "without appreciation of the impact this could have".

COMPLAINTS REJECTED: Complaints about a television film in which Mother Teresa of Calcutta was said to have "a penchant for the rich and famous, no matter how corrupt or brutal", have been rejected by the Independent Television Commission. The programme, called Hell's Angel, drew a record number of complaints. The commission understood viewers' "distasts" for the programme, but said such a public figure as Mother Teresa could not be beyond criticism.

#### Dispute about devolution for Scotland and Wales erupts again

# **Issue that divides** parties could shatter kingdom

By Kevin Brown, Political Correspondent

For the fifth time in 120 years, the UK is in the throes of a debate on constitutional reform that some believe may lead to the break-up of the country. The debate was sparked by the opposition Labour party's proposals to devolve power from the parliament at Westminster to Scottish and Welsh parliaments.

Labour's proposals are modest. The new parliaments would control services such as health and education now run by local bureaucrats under central government control. The Scottisb parliament, but probably not its Welsh counterpart, would have limited lawmaking and tax raising powers. The UK government would retain control of defence, foreign affairs and the currency,

Yet passions are running high, Mr John Major, the prime minister, dismisses the plan as "one of the most dangerous propositions ever put before the British nation". Nationalists say it offers far too little.
The UK last went through this debate 20 years ago, when a similar plan for devolution

was rejected in separate referendums in Wales and Scotland. Much of the argument revolved around the so-called West Lothian question, named after the constituency represented by Mr Tam Dalyell, the Labour MP who raised it.

Mr Dalyell asked how Scotissnes in the UK parliament when English MPs would be debarred from voting on questions devolved to the Scottish

The same issue was raised in the 1880s when William Gladstone's Liberal government tried and failed to deliver self-government for Ireland Parliament finally conceded Irish bome rule after another titanic battle, and the island was eventually partitioned into



two self-governing provinces, one mainly populated by pro-British unionists and one with a nationalist majority which left the union to become a republic in 1948.

Falklands conflict in 1982. He

has since turned to probing

the issue of ber son's business

activities.

It is this scenario - devolution leading to independence that frightens the Conservatives, who argue that Scotland sively from union with England. Scotland raises the greatest concern. The union with England in 1707 was unequal - Scotland retains separate legal and education systems, and has many more seats in the Commons than are

justified by its population. But nationalist arguments that the interests of the 5m Scots, 4m-5m Irisb and 3m Welsh were being sacrificed to the interests of the 46m

English - have not been overcome. That view has gained ground since the 1950s, coinciding with the decline of the UK's world role and the growth of relationships between the European Union and British regions. It has been strengthened by

the collapse of the Conserva-Wales since tha 1970s, combined with the party's reliance on English votes to win four successive general elections. Nationalist representation in the 651-seat House of Commons remains small - three Scottish

MPs and four Welsh. But opinion polls suggest that at least 80 per cent of Scottish voters support some form of devolution, with about 20 per cent favouring independence.

Labour's proposes to over-

Car group in franchise move

lowing this route. It also reflects the increasing develop-

ment of large out-of-town sites

The Marshall Motor group,

one of the largest privately owned retail dealer groups, has

opened a 10-acre site in Cam-

in other retailing sectors.

regional parliaments, with unspecified powers, where local people want them. But there is little demand for regional government in much with different powers.

come the West Lothian ques-

tion by setting up English

explain why Scotland should ster. Parity with England would probably cost at least 14 Scottish MPs their seats.

#### of England, and opponents including Mr Dalyell argue that, if created, it would lead to a patchwork of authorities Labour has also failed to

keep all its seats at Westmin-There is a solution: a federa-

tion in which the powers of the UK and regional parliaments would be specified in a written constitution. But that idea is regarded as too radical even

about the way which MPs represent outside business interests in the House of Commons.

mercial lobbying.
Addressing the committee, established last autumn, he ing recommendations in May.

# chises at the site.

books. The OFT says 10 EU states

have resale price maintenance, and

that could strengthen the associa-

Ruling for the Publishers' Associa-

tion yesterday, the European Court

said the Commission's original 1988

decision not to exempt the NBA was

based on its assessment that the

restrictions on competition imposed

by the agreement were not indis-

#### trend towards a greater con-centration of ownership of tury". The group is also considering age occupying more than a third of a mile. the further addition of the Jagretail motor outlets at fewer The site, developed at a cost

Britain's rail regulator yesterday lopped £1.5bn (\$2.34bn) off the £12bn of charges which private train operating companies will have to pay Railtrack for the use of its track, stations and signalling over the next six years. Mr John Swift, QC, who is responsible for ensuring fair level of government subsidy

received a stay of execution yester-

day from the European Court of Jus-

tice. The court said the European

Commission's refusal to exempt the

agreement from EU competition

laws was wrong on procedural

grounds, and it must now reconsider

The UK Publishers' Association

had told the Commission that the

agreement - the mechanism which

allows publishers to set retail prices

of most books and prevent discount-

ing - was necessary to protect the

The European Court said the Com-

mission had failed to take the asso-

the case for exemption.

UK book trade.

dealings between companies in the privatised rail industry, announced tough controls on Railtrack's returns, revising the formula imposed on the railway by the Treasury last

The result of his policy statement will be to increase the pressure on Railtrack to reduce costs and provide a better service. It will also reduce the

the merits of the association'e case.

in the clear. The first part of the Commission's decision, that the agreement is a price-fixing cartel

outlawed by European competition

rules, stands. The agreement is also

still under scrutiny in the UK. The

European Court ruling does not

affect last year's decision by the

Office of Fair Trading to refer the

agreement back to the UK Restric-

Lawyers close to the case

suggested that, because of changes

to the detail of the agreement since

tive Practices Court.

The agreement is therefore not yet

lower the likely valuation of Railtrack when it is floated on the stock market next year. Track access charges are the

largest single cost which the train operators have to meet. When this year's charges totalling £2.2bn were announced last February they prompted protests from the train operating companies that they had been set too high. Mr Bob Hor-

tion's hand.

described the new pricing for-

Britain's Net Book Agreement ciation's arguments properly into 1988, there was every chance Brus- decrease in the number of stockholdaccount. But it made no comment on sels would grant an exemption. ing booksellers, a fall in sales and Moreover, Britain's publishers are smaller print runs. not alone in Europe in trying to That assessment was upbeld by

enforce resale price maintenance for the Court of First Instance - the junior European court - in 1992, but the European Court said in finding for the Commission that the junior court had made several errors in law which meant its decision could not

The association had argued before the Court of First Instance that the Commission's refusal to grant an exemption was wrongly reasoned. Essentially, the European Court pensable to the attainment of its said, the Commission had failed to objectives. Those were to avoid a take account of its arguments on the

negative effects that outlawing the agreement would have on intra-state trade and in particular on the book market in the Irisb Republic, which with the UK formed a single common language area.

The association had advanced a series of 1960s decisions by the UK Restrictive Practices Court, endorsing the agreement, as essential evidence of its benefits to the UK and the international book trade. The European Court said these arguments had some merit.

Yet although the Commission mentioned the Restrictive Practices Court's decisions in its own decision,

sion's decision therefore did not explain why the UK court's conclusions and the Publishers' Association's arguments were irrelevant to deciding whether the agreement should be exempted from the compatition rules.

Furthermore, the European Court said, the Commission's reference to the Dutch books case, where the court struck down aspects of a similar Dutch/Flemish agreement, was inappropriate. The English and Dutch agreements were fundamen-

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#### By Kevin Done, Motor Industry Correspondent Marshall of Cambridge Holdings, a leading UK retail motor group, yesterday launched one of the biggest multi-franchise dealer sites in The move accelerates the sites. The UK leads most mainland European markets in fol-Watchdog cuts £1.5bn from levy on rail groups and John Kampfner

around £5m (\$7.80m), includes car outlets for Rover,

bridge with a series of adjacent showrooms and display front-

utive of Marshall Motor Group, claimed that the centre, which has a total workforce of more than 200, would take "the motor trade into the 21st cen-

Toyota, Lexus, Nissan, Citroën and Vauxhall, as well as deal-

erships for LDV vans and Ley-

Mr Peter Johnson, chief exec-

land Daf trucks.

uar and the Land Rover fran-

mula as "exceedingly challeng ing". He said lower track charges would increase the number of travellers using trains while the cut in the subsidy would reduce the need for puzzle." government involvement in the railway.

"I think this is going to make it easier to privatise Rail-track," Mr Horton said. "Our coffin of privatisation."

Court ruling fails to end uncertainty over book prices pact

it did not discuss them. The commis

ruption de colonia colonia loans

# 

# e advertise ourselves like that ?

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INSURANCE & INVESTMENT

pricesp

roduction and import of ozone-depleting chlorofluorocarbons, or CFCs, were banned in the European Union on January 1, but for the vast majority of CFC users the pain of the phase-out has yet to come.

CFCs are still widely used, particularly in commercial refrigeration and air conditioning systems. If, like domestic fridges and freezers. these were leak-proof, the phase-out would not be a problem. But commercial systems lose an average of 20 per cent of their CFC contents

They were never designed to he leak-proof," says Ken Simpson of the Refrigerant Users Group, a self-help group funded by the Department of the Environment and the Department of Trade and Industry, among others, "Topping up CFCs was like putting oil in cars," be says. "No one knew they were dangerous, so they just accepted that there would be regu-

But for the botcher's cold room that goes down on the only hot day in a British July. or the pharmaceuticals company that loses its storage facilities over a bank boliday weekend, brying top-up CFCs is about to become very difficult.

The phase-out, agreed interna-tionally under the Montreal Protocol, allows continuing trade in recycled CFCs. However, recycling is expected to produce the equivalent of only 3 to 5 per cent of the CFCs in use - less than one-fifth of the maintenance requirements for the more than Im commercial refrigera-tion and air conditioning units in

If systems cannot be topped up, they must be adapted to run on

#### Recycling is expected to produce the equivalent of only 3 to 5 per cent of the CFCs in use

different gases. The complexity of this varies, but it always involves a temporary shut-down of the system

To avoid both, users may he tempted to turn to a black market in CFCs, which the producers of CFC-replacements say is already emerging (see accompanying

Developed countries other than EU members will continue to produce and import CFCs until January 1 1996. Russia, one of the world's biggest producers, is appeal-ing for an extension to this deadline, under special provisions in the Montreal Protocol designed to soften the impact for developing

The developing countries, which

Commercial users of the ozone-depleting gas are

about to see prices soar, writes Jenny Luesby

# Big chill for CFC users

include another big producer, China, will be allowed to produce CFCs until 2010. It remains legal to import CFCs from these countries if they are recycled, for use in medical equipment, or for re-export to developing countries.

But recycled CFCs are indistin-

guishable from virgin CFCs, and monitoring of end-use and re-export is not extensive.

Producers of the three ranges of liternative products to CFCs - BOC Gases, which distributes Du Pont's CFC-replacements, Elf Atochem. and ICI - claim that black market imports are already happening. Certainly, users are not yet exper-

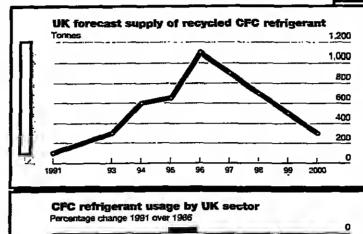
iencing any shortages, says the Refrigerant Users Croup. The group believes that many distributors stockpiled virgin CFCs last year, some of which, it believes, came into Europe under quotas designed for other purposes.

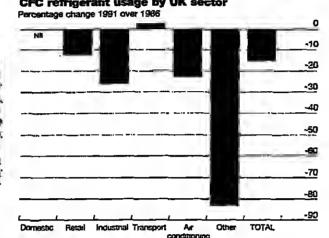
But current supplies are likely to last only until about Easter, according to the Refrigerant Users Group and Ray Gluckman of the March Consulting Group, which specialises in refrigerants. Prices have already begun to rise, by between 20 and 30 per cent in the last five months, according to Tony Moran, marketing manager for specialist gases at

For the second quarter "shortages are likely to become increasingly severe, and prices will rocket", says Cluckman. Halons, formerly used as propellents in fire extinguishers, were banned three years ago. Their prices have since risen 20-fold. Once the prices of CFCs start

soaring, the potential for black market imports is "horrendous", according to Tom McDermott, a consultant with the Refrigerant Users Group. But the incentives already appear sizeable.

In November last year, Russian CFCs were entering Europe at around £600 per tonne. Importers are currently paying an average of £2,500 per tonne, although this varies widely by type and quantity. David Clow, manager of performance chemicals at Elf Atochem, formerly one of the world's leading producers of CFCs, says users are then paying around £7,000 a tonne





for these supplies. The scale of this premium more than matches the mark-up which led to a black market in CFCs in the US. There, a consumer tax of \$4.35 a lb (\$9,600 a tonne) - since raised to \$5.35 (£3.42) a lb - designed to act as a disincentive for consumers, saw CFCs take off as Miami's second most profitable contraband, accord-

ing to US authorities. According to BOC, users are likely to resort to such a market, more through lack of planning than deliberate intent. The company reports that the low level of user awareness was "frightening".

There have been other deterrents to an early conversion. One has been the cost of CFC replacements, which until recently was higher than CFCs. Producers now claim

that gap has closed. Another factor, just as important, has been the lack of a clearly superior replacement. Conversions cost from a few hundred to many thousands of pounds, but users want to be certain they are getting some-thing that will not itself become a problem. While many options exist,

The chlorine in CFCs is responsi-ble for depleting the ozone. When

some of the chlorine is replaced with hydrogen, a half-way house is produced, known as an HCFC. To run on HCFCs equipment will normally need to be flushed and may need to be adapted, but the process is relatively straightforward. The drawback is that HCFCs can only be a temporary measure. They too deplete the ozone, although to a lesser degree than CFCs, and are themselves due to be phased out over the next decade.

A more permanent solution is conversion to HFCs, which contain no chlorine and thus do not deplete ozone. But they can corrode rubber seals, and may require greater adaptation of existing equipment. Also, while HFCs are not due to be phased out, they, like CFCs and HCFCs, contribote to global warming, and are thus coming under heavy attack from Greenpeace and other environmental

In addition, all HCFCs and HFCs are new to the market, and largely untested. While there were only a couple of mainstream CFC refrigerants, there are already dozens of HCFC and HFC replacements, each one suitable only for very specific applications.

An alternative to these new formulations, which is favoured by environmentalists and has long been used in larger refrigeration systems, is ammonia. However, while this is viable where it can be used to cool another gas, which is then pumped around a system, it can be dangerous if pumped directly around smaller systems. It is flammable, explosive and highly toxic. Says Gluckman: "I've long been in favour of ammonia, but one has to accept that if it were used in smaller systems, sooner or later there would be a nasty accident." Hydrocarbons such as propane

and butane are also flammable. It was precisely because CFCs were inert, and thus safer, that they took off so strongly in the 1930s. Selecting the best from a list of alternatives such as this has gener-

ated a separate industry, advising companies on the best possible CFC replacement for their equipment. But for most companies, the issue has just not been addressed yet. "The hrewery has exploded, hut

everybody is still drinking," says

This state of affairs cannot make sense, according to Geoffrey Dunn, managing director of Refrigerant Reclaim, which recycles CFCs. Once prices start shooting up, a CFC top-up would wipe out any savings from avoiding conversion, he claims. In addition, an unplanned and enforced conversion could involve damaged stock, or closed

As a CFC supplier, he concludes: "There is simply no excuse for con-tinuing to use CFCs."

# On the trail of the bootleggers

There is a thriving black market in CFCs, reports **Haig Simonian** 

n January 5, agents from the US Environmental Protection Agency, the US Customs Service and the Internal Revenue Service swooped on a team of suspected criminals working out of the port of Miami. One man was arrested

immediately, a second escaped. The band was not dealing in narcotics, for which Miami is justly infamous, but Freon Freon s a chlorofluorocarbon chemical which is believed to harm the world's ozone layer and is therefore subject to a draconian US excise duty to discourage

consumption.
The tax, which was raised by \$1 to \$5.35 (£3.42) per lb on January 1, has encouraged a thriving black market. The appeal of the bootleg chemicals has grown as the tax has steadily risen from \$1.37 per lb when first imposed in 1990. Officials are reluctant to say how acute the problem is for fear of lamaging their investigation "We can't assess the scale of the issue at the moment, but will take the appropriate action where necessary," says John West, the agent in charge of investigations at the EPA in Washington.

A special agent with the US Customs is more forthright. "We are conducting criminal investigations into the illegal import and sale of Freon in the US. That is not just in southern Florida, but ports other than Miami, too."

The inquiries may seem mundane compared with the high-profile world of narcotics. However, contraband CFCs can be profitable. The Mlami arrest involved gas liable to \$1.1m in tax. Last month, a court in San Diego, California, sentenced Mark Ruiz, a local dealer in car air conditioning, to five years' probation and a variety of other sanctions for importing CFC

illegally. The tax due was estimated at between \$180,000 and The IRS and Customs Service field officers involved, some of whom have spent their earlier careers fighting drugs, say the investigations are proceeding smoothly in spite of overlapping

responsibilities between the three

agencies. "We are working closely

with industry and the EPA to cover this issue," says Ron Linden, the national co-ordinator for ozone-depleting chemicals at the IRS.

While the EPA has primary responsibility for environmental ues, it is the Customs Service which is in the front line in detecting illegal imports.

The task is Herculean; customs officials must distinguish between recycled CFCs (which have not been banned) and virgin gas. That is impossible without precise information about the provenance of the recycled material. Officials must also be wary of

unscrupulous importers who mis-label CFC to masquerade as other gases, such as propane, which can be imported legally. The IRS, meanwhile, has to police enforcement of the steep excise tax imposed by Congress to encourage the use of alternative

Although officials are cagey about giving away information, many of their leads are believed to come from investigations into commercial sales based on tip-offs

from the chemicals industry. The chemicals companies are closely involved. Du Pont, the US multinational, was one of the world's largest CFC producers before winding down production in line with US requirements. Like Britain's ICI, another former CFC producers the production in the world beautiful to the control of the c producer, it has invested heavily in producing alternative gases and is furious to see the illegal imports

The companies have organised a number of pressure groups. Foremost among them is the Alliance for Responsible Atmospheric Policy, an amalgam of producers and users of emicals in refrigeration and air

conditioning.

Apart from Du Pont and ICI, the Alliance includes manufacturers of air conditioners and fridges. "Our task is to educate the public. and government," says David Stirpe, an Alliance spokesman. "Our members have invested heavily in alternatives to CFCs and want to stamp out illegal

The Alliance welcomed last month's San Diego conviction, but says the penalty was too lenient.

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Talk to the Leader:



# HE'S DESTROYING HIS OWN RAINFOREST TO STOP HIM. DO YOU SEND IN THE ARMY OR AN ANTHROPOLOGIST?

In the Ameron, some native peoples are felling their forest for each. (In one case, for the price of fifteen kilometres of

Yet everyday the readers of papers and magazines like this one are immdated with appeals to save native peoples. Do they really deserve our support?

The truth is, they are not the problem. They're the victims. In the last century outsiders have bestowed some dublous gifts on them; like smallpox, tuberculosis, and measles. To the list can now be added greed and corruption.

Many governments have a vested interest in the destruction of the forests. Saddled with huge debts. logging provides a quick financial fix. So much better if the native peoples can be persuaded to help. Duped into selling land, some Indians become unwitting accomplices to the forests' disappearance.

The only army that can stop this is an army of concerned people. What can we do?

We're WWF - World Wide Fund For Mature.

Our conservation scientists and anthropologists are ensufed in research work in the Peruvian America that has shows that harvesting fruits, oils, rebber, medicinal plants, and forest products like ratted can produce up to seven times

as much income as from intensive logging.

Another WWF survey found that fruits and later from the forest were worth nine times more than timber.

It seems so simple. Yet only 0.1% of the tropics' productive forests are used in this way.

We need to lobby governments. We need to work with native peoples to develop conservation techniques.

We've already started a programme that proves, without interference, traditional agricultural methods can actually improve the soil.

In Peru, WWF co-operator with the Tancake people. Here trees are only harsested if it encourages the growth of new suplings. WHT provides financial support and assistance on over 100 tropical forest projects like these.

Of course, we don't have a bottomiess well of money to play with. If you can make a donation or legacy, we'd be grateful What is at stake is the fature of the forcets and their peoples.

On average, one Amazonian tribe has become extinct every year this century. knough is enough.

(Interrit World Widlife Fred)



lockwork Cornfield Syndrome thrives and spreads through television to the extent that it must soon be declared an epidemic. You know the symptoms: somebody decides to make a series about something vaguely serious (it involves facts or abstract ideas, is not fronted by Jeremy Beadle, does not star David Jason) whereupon an arsenal of gimmicks and technical effects is dragged in to sugar the pill and the whole thing is turned into a kiddywinks' caper. The con-dition was first identified in this column 19 years ago this month when BBC2 launched The Age Of Uncertainty, an expensive 13-part series about economics presented by J.K. Galbraith.

Presumably the producers thought this was a real switch-off subject because they tricked out their programmes with every conceivable "Watch me!" antic, from actors in period costume swaying in pretend trains to huge studio constructions surrounded by light bulbs and bathed in dry ice. The nadir was reached when they wanted to illustrate corn being cut with a scythe. Instead of whistling up a few feet of library stock or getting a slide from a painting collection, they actually built a mechanical field of metal corn which "fell" as an actor pretended to cut it.

The assumption is that the viewers, you and I, are so thick, so jaded, and so incapa-ble of concentration that we need continual idiocies of this sort to induce us to stay with the programme. The techniqua is currently spoiling a series on a subject which you might have thought needed a minimum of clever dickery: the early years of cinema. The Last Machine - BBC2 again - bas as its raw material some of the most fascinating moving images in history: everything from the documentary footage of the Lumiere brothers to the astonishing trickery of Georges Méliès, from a re-staging of the Boxer Rebellion in a Hove front garden to stop-motion photography of an opening flower in 1903, making you wonder whether we have all been over-stating the technical modernity of Attenhorough's The Private Life Of

It is frustrating to imagine what won-ders might have been achieved with this subject on this budget - which shrieks its presence from every corner of the screen -by Kevin Brownlow and David Cill, Britain's (probably the world's) leading experts in the preservation and revival of silent cinema, whose work with Thames TV and Channel 4 has brought us Napoleon, The Wind, Hollywood, and so on. Instead, to keep us interested, we have funny man Terry Gilliam, the animator from Monty Python and director of such laborious work as Baron Münchhausen (yes, I do admire Brazil) dressing up in period costume himself and introducing actors in studio trains and 144 different

versions of a clockwork cornfield. Another ex-Python, Terry Jones, is the presenter and co-writer of another series yet again BBC2 - which might have been a truly compelling piece of work: Crusades. We know from previous programmes - for instance, one arguing that all change is not progress; and that 500 years ago most people had healthier teeth and cheaper access to justice through the courts - that Jones is a considerable histo-

here is nothing in opera to beat

the brass and lightning flashes in the

woodwind, Verdi added a steady low rum-

ble of thunder to be played on the bottom

pedal notes of an organ - an extraordinary

At the Royal Opera's revival on Friday

all this seemed to be gone in a flash, as if

it was just a passing squall. Carlo Rizzi is

a conductor who likes his Verdi to be swift

and light. He set out with precise, under-

stated, well-sprung playing and kept to that even at the most awe-inspiring

moments, when the enormity of what was

going on would seem to call for grandilo-

quence. The opera - a masterpiece of dra-

matic construction - has rarely seemed so

It was a style of conducting that suited

this cast. The three main roles of Otello, in

particular the title-role, demand very spe-

cific vocal strengths and tend to become

the preserve of a small number of singers.

Ever since the opera was first performed

it has been common to find a handful of

trusted interpreters touring the world

singing little else and the Royal Opera

deserves luck for looking out some dif-

ferent names this time round.

INTERNATIONAL

the tumultnous opening of

Verdi's Otello. Not content with unleashing a storm of noise from



Terry Gilliam dressed up as Edwardian explorer in 'The Last Machine'. Phoney bonhomie fronting serious subjects will lose, not gain, viewers

Television/Christopher Dunkley

# Camouflaged in clever dickery

rian, with a flair for the telling illustration. Unhappily he has either chosen or been told in this series to play the fool, and we are treated like nitwits who have to be everlastingly indulged if we are not to zap away and wallow in the sybaritic delights of News At Ten.

Nothing holds the attention better than a good story, and Jones has an amazing story to tell. You, of course, knew but I did not that the conventional version of the crusades is sheer Enid Blyton. It seems that what actually happened was that Byzantium called for a few Christian meraries to help fight Islam, and the Pope hroadcast the appeal, whereupon a sort of medieval Aldermaston march started up, with every hippy and new age freak in Christendom tagging along. The trouble is that the programme perpetually patronises us: instead of normal research mate-rial we are subjected to an 11th century

Opera

Otello

revived

If there was ever a good supply of tenors

with the power and stamina to sing Otello, Dennis O'Neill might not find himself

reaching for the role, but of course there

never is. Alongside the famed Otellos of

the past O'Neill is a relatively lightweight

singer, but the power that he offers is of the right kind - gritty and pressurised.

Indeed, the absence of sheer might is

sometimes turned to his advantage. At the

climax of Act 3 he does not bodily throw

Desdemona to the ground; he orders her

The soprano is Elena Prokina, the young

Russian whose star shot to fame last year

in Katya Kabanova at Covent Garden and

Eugene Onegin at Clyndebourne. Those

roles showed how well she can portray

youth and goodness and as Desdemona

she does so again with no less poise. The

quiet singing is purity Itself, even if the

voice always has a Slavonic edge to it.

chillingly with a pointed finger.

"newsreel", the projector run hy an Equity member in full hishop's rig from Bermans, with lots of extras mooning around in the background, and poor old Jones delivering his commentary from the foreground in one of those fatuous stage whispers, Since there is a legend about one crusade being led by a goose, Jones "interviews" a goose and, once in the middle east, he larks around in chain mail telling us that it is hot to wear Cosh

Behind all this frantic camouflage "Whatever you do, don't let them know this is history") one can sense a terrified awareness of the endlessly repeated American horror story about "Three Minute Culture". So far as I can make out, a single statistic gave rise to this assertion that today's viewer is incapable of watching a television channel for more than three minutes: somebody worked out that, on average, American viewers were changing

What she misses is the Italianate warmth

in the character, the depth of tone of a

Neither she nor Sergey Leiferkus - the

Russian Iago - is quite a natural for their

Against a less convincing background it

might have been the weaknesses of this cast that came to the fore rather than the

strengths, but Elijah Moshinsky's produc-

tion is vivid enough to pull the perfor-

mance together. With each revival it

seems to get better, effortlessly welding a Shakespearian breadth of humanity with

Verdi's grandeur of utterance. In sum, a

decent Otello - so long as regular opera-

goers deposit their memories of big-voiced

Verdians at the cloakroom on the way in.

Further performances at Coveot Garden

Richard Fairman

Ricciarelli or Te Kanawa.

channels 20 times an hour. All this probahly indicates is that, during the breaks, US viewers zap away to sample anything from five to 10 other channels rather than watch the ads; then they return to their programme. Yes, they are "changing chan-nels" 20 times an hour, but so what?

Yet everywhere there is panic and consequent fairground flummery. Channel 4's archaeology series, Time Team, is presented not by an archaeologist but by yet another comedian: Tony Rohinson, hest known as Baldrick in Blackadder, the one who always had a cunning plan. Here the cunning idea is to dress up as a clown, in a patchwork shirt and a funny hat, and present the programme as a version of Challenge Anneka, with only three days allowed for a pretty extensive dig, and everyone therefore obliged to operate on the run. The artificial sense of urgency fools nobody, and for the viewer the feeling of being treated like a moronic seven year-old is enough to make you change channels long before three minutes has

Behind the Clockwork Cornfield Syndrome lies the questionable assumption that, if you mask your programme with enough childish antics, you will be able to achieve hig ratings with any subject, however dry it may previously have been considered. I suspect it will actually work the other way. Certain subjects will only ever be to the taste of a minority of viewers; subject these people to a lot of phoney bonhomie, gags and tricks and, you will lose them altogether. Having, up to now, always managed to retain some semblance of respect among thinking people, at leas for some of its output, television in Britain will become like television in so many other countries: a medium for children idiots, and the very tired.

#### Pop/Antony Thorncroft

# The Cranberries

roles. Of the two, Leiferkus has the worse Italian, hut he makes up for the indistinctbo is this elfin child, barefoot ness of the words by colouring his tone so that the meaning behind them is clear. There are countless hidden corners in this and wreathed in diaphanous white, dancing around the stage of the Albert Hall like a demented fairy? It should be Bjork, but voice where unexpected colours are lurking, making his lago a particularly sinister creation. A stronger rival is pitted against somehow it is too ethereal; no, it is Dolores O'Riordan, the latest in the flow of him than usual in Paul Charles Clarke's Irish pop talent.

At the moment O'Riordan fronts the Cranberries, but she is much too fey and fidgety to be locked into something as solid and workmanlike as a band. Like a moth in a jar, she seems frantic to escape into the American dream: the Cranberries last tour took the US by storm.

She is basically an image: a crew cut, peroxide blonde who sings, in one of those hypnotic voices that verge upon the dreary, the type of song that sixth formers sigh for - a mish-mash of the traumas of family life and and the greatness of Yeats. Not surprisingly, her andience is stiff with girls who singalong to lyrics that are

stolid, but there is no room on stage for

tritely truthful The rest of the Cranberries are pretty any more personality - O'Riordan fills that space. I found her restlessness slightly irritating and discerned little difference between the opening of the show when she dressed like a mute at a funeral and was accompanied by a string quartet, and the main stuff when, with an unconvincing "let's rock", she went off in her whirling whiteness.

This is the image of Ireland - mystical, folksy, exotic - that the British, and especially the Americans, huy by the crateload. It has charm and there is some beauty there, even from the turgid sound system that seems to attack anyone seated parallel to the stage at the Albert Hall. If, as seems likely, the Albert Hall is moving towards more pop, then the Cranberries are an ideal booking. The Prome nade area was cleared of seats and made a good performing space for the fanatics, while the gilded tiers make a wonderful blackcloth for the dramas below. But I fear the Cranberries have gone as far as they can with their current performance; weirdness alone will not win over the world.

#### Theatre Pintauro's 'Salvation'

t is rare these days that a playwright takes a bow onstage on opening night. But after Salvation had been acclaimed with cheers at the Cate the other night, the cast summoned the author, Joe Pintauro, in join them: whereupon the applause grew. Pintauro is a New York playwright whose Snow Orchid (1979) made a powerful impact at the Gate in 1993. Salvation is a double-hill of Swans Flying – five shurt plays from a series of 22, completed in 1986 - and The Raft of the Medusa, a 1989 play revised by Pintauro for this British premiere. The staging, as with Snow Orchid, has been directed to superh effect by Tim Lus-

The applause is deserved. The Raft of the Medusa, you will recall, is the Geri-cault painting of shipwrecked men, some of whom desperately try to hail a distant ship while others are dying or already dead. Pintauro's characters are not ship-wrecked; they are AIDS/HIV victims. some of whom desperately hope for a cure while others have pronounced symptoms; and one of their group has just died and is seen in various flashhack scenes. Pintauro wrote the play in 1989, the year in which Julian Barnes wrote about The Roft of the Medusa (in A History of the World in 10° Chapters); though he never refers to the Géricault painting or Barnes's essay in the play, he quutes from Barnes in the

The excitement of The Roft of the Medusa is that you never know where it will go next. It achieves extraordinary highs and luws. Following it, I hoth laughed and cried several times. At two or three points, I thought incidents were contrived - especially when one of the characters is found to be not HIV positive at all hut a journalist spy - hut every time Pintauro struck some gold from his

Maybe noly in a play would an AIDS group therapy session have such a neat catalogue of characters - the married woman, the young girl, the male model. the journalist, the actor, the ex-prisooer. so on. But Pintauro not only uses them all for what separate light they cast on the larger climate of AIDS, he also makes each une of them clear to us as a character,

Several aspects of Salvation resemble features of Tony Rushner's Angels in America (which was written later), hot Pintauro's dramaturgy is less schematic. and his writing more sensitive to human feeling in all its peaks and troughs. Salvation raises a number of AIDS-related issnes: the problem of forgiving the person who infected you, the question of whether suicide and enthanasia are better than prolonged life, the difficulties of sharing a fatal syndrome with utterly dissimilar people. These issues become unusually gripping here, hecause Pintauro's stage-world is persuasive.

I cannot say I "get" the ritual dance ending of The Raft of the Medusa, or the composite picture achieved by the five short plays in Swans Flying. But Swans Fluing, each play using two or three separate characters, adds up to a view of modern New York rather in the way that Robert Altman adds np Carver short stories to make a picture of modern California in Short Cuts. There are themes hirds, death, AIDS, transcendence - that link one play to another. In toto. Salvation is the finest AIDS drama I have

Ten of the 12 actors appear in both halves of the evening, and all are superb. The three women - Lolly Susi, Natasha Williams, Carmela Marner - switch between highly dissimilar roles with won-derful skill and humanity. Marcus d'Amico, Allan Corduner, Adam Levy, Mason Philips, Nigel Whitmey, Lawrence Elman, Harold Finley, Jonathan Arun, Gary Oliver all act with rare naturalism and inten-sity. The triumph of this London Gay Theatre Company production, however, is in its ensemble - in the complete conviction with which everyone interacts. Tim Luscombe's direction deserves the highest

**Alastair Macaulay** 

At the Gate Theatre, London W.6.

# SOWN

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CONCERTS Het Concertgebouw Tel: (020) 871 Royal Concertgebouw Orchestra: conducted by Valerie Gergiev plays

Destwolskaja and Shostakovich at 8.15 pm; Jan 18, 19 The Royal Concertgebouw Orchestra: Valery Gergiev conducts Bartok and Stravinsky at 8.15 pm; Jan 25, 26, 27 **OPERA/BALLET** 

Het Muziektheater Tel: (020) 551

L'Italiana in Algeri: by Rossini. Produced by Dario Fo, conducted Alberto Zedda at 8 pm; Jan 19, 22,

**BERLIN OPERA/BALLET** 

Daufsche Oper Tel: (030) 3 41 9249 Ballet Evening: conducted by bestian Lang-Lessing. Nacho Duato, Glen Tetley and Harris Mandafounts choreograph works by Debussy, Poulenc and Stravinsky at

7 pm; Jan 19, 27 (7.30 pm) Madama Butterfly: by Puccini.
Conductor Sebastian Lang-Lessing, production by Pier Luigi Samaritani

at 7 pm; Jan 18, 21 (5 pm), 26 (7.30 pm)

Oedipus: by Rihm. conducted by Peter Keuschnig, produced by Götz Friedrich at 7 pm; Jan 22 atsoper Unter den Linden Tel: (030) 2 00 4762

 Dia Zauberflöte: by Mozart. Conductor Daniel Barenboim, production by August Everding at 7 pm: Jan 22

**■ BRUSSELS** 

CONCERTS

Philharmonique de Bruxelles Tel: (02) 507 84 34 Champs-Elysées Orchestra: with cellist Christophe Coin and conductor Phillipe Herreweghe plays Schumann at 8 pm; Jan 23

Philippe Herrewegha: conducts the Orchestra des Champs-Elysées

to play Schumann at 8 pm; Jan 23

**■ FRANKFURT** 

CONCERTS Alte Oper Tel: (069) 1340 400 Philharmonia Orchestra London: with planist Tzimon Barto, and conductor Lawrence Fostar plays Beethoven and Brahms at 8 pm; Jan

**■ LONDON** 

CONCERTS Barbican Tel: (071) 638 8891 Fauré: Requiem: City of London Sinfonia conducted by Harry Christophers plays Fauré and Mozart at 7.30 pm; Jan 20 Pleme Boulez: conducts that London Symphony Orchestra to play Stravinsky, Webern, Bartók and Boulez's own, 'Notations I-IV' at 7.30 pm; Jan 22 (3 pm) , 24, 26 Popular Classics: with tha London Concert Orchestra conducted by David Arnold. Highlights Includa Raval's 'Bolero' and Strauss' 'Blua Danube Waltz' at

until February 1

8 pm; Jan 21 stival Hall Tel: (071) 928 8800 Royal Philharmonic Orchestra: with soprano Galina Gorchakova and conductor Valery Gergiev plays Wagner at 7.45 pm; Jan 24 GALLERIES

Barbican Tel: (071) 638 8891

 Impressionism in Britain: tha first comprehensive survey of the development of Impressionism in Britain. Over 200 works by over 100 artists including Degas, Rothenstein and Whistler, from Jan 19 to May 7 British Museum Tel: (071) 636 1555 Anciant Egypt and Contemporary Art: 12 works commissioned by the museum alongside the axisting

collection of ancient Egyptian relics; to Jan 19 National Portrait Tel: (071) 306 0055

 The Sitwells: the arts of the 20'e and 30's through the eyes of the Sitwells: to Jan 22 Royal Academy Tal: (071) 439 7438 The Painted Page: Italian Renaissance book Illustrations from 1450-1550; to Jan 22 OPERA/BALLET English National Opera Tel: (071)

 Figaro'e Wedding: in house debut for conductor Derrick Inouye at 7 pm; Jan 18, 21, 28

Rigoletto: Jonathan Miller's

updated varsion of Verdi's opera where the duka is a mafia boss at 7.30 pm; Jan 23, 27 Festival Hall Tel: (071) 928 8800 Swan Lake: by Tchaikovsky. The English National Ballat choreographed by Raissa Struchkova and supported by its orchestra at 7.30 pm; to Jan 21 (Not Royal Opera House Tel: (071) 340

Cosi Fan Tutta: by Mozart. A new production directed by Jonathan Miller. Conductor Evelino Pidó. In Italian with English surtitles at 7 pm; Jan 18, 23, 25 Otalio: by Verdi. Conductor Carlo

Rizzi, director Elijah Moshinsky. In Italian with English surtitles at 7.30 pm; Jan 20, 24, 26 Swan Lake: by Tchaikovsky. Choreographed by Marius Petipa and Lev Ivanov, production by Anthony Dowali at 7.30 pm; Jan 19

THEATRE National, Lyttelton Tel: (071) 928

 The Children's Hour: by Lillian Hellman, directed by Howard Davies at 7.30 pm; Jan 20, 21 (2.15 pm) National, Oliviar Tel: (071) 928 2252 The Merry Wives of Windsor: by Shakespeare. Terry Hands directs his first production at the National. With Denis Quilley as Falstaff, Brenda Bruce as Mistress Quickly and Geraldine Frizgerald as Mistress Ford at 7.15 pm: Jan 27

MADRID

CONCERTS Fundación Juan March Tel: (91) 435 48 40/435 42 40 Henry Purcell and Other English Composers: a series of concerts of works by English composers such as Purcell, Tallis and Gibbons at 7.30 pm; Jan 18, 25

■ NEW YORK **GALLERIES** Guggenheim Tel: (212) 423 3652 ● Tha Italian Metamorphosis

1943-1968: a survey of visual arts in the postwar period; to Jan 22 seum of Modern Art Tel; (212) 708 9480

 A Century of Artists' Books: Exhibition of 140 books from some of this century'a toremost artists; to Jan 24 OPERA/BALLET

Metropolitan Tel: (212) 362 6000 Dia Fledermaus: by J. Strauss. Sung in German with English dialogua at 8 pm; Jan 18, 21 L' Elisir d' Amore: by Donizetti. Produced by John Copely, conducted by Edoardo Müller at 8

pm; Jan 21 (1.30 pm), 24 Le Nozze di Figaro: by Mozart. Produced by Jean-Pierre Ponnella, conducted by James Levine at 8 pm; Jan 20, 25 Simon Boccanegra: by Vardi. A

new production directed by Giancarlo del Monaco. James I evine conducts the opening night cast of Cheryl Studer, Plácido Domingo and Vladimir Chemov at 8 pm; Jan 19,

 Turandot by Puccini. Produced by Franco Zeffirelli, conducted by Nello Santi at 8 pm; Jan 27

PARIS

CONCERTS sées Tai: (1) 47 23 37 21/47 20 08 24 National Orchestra of France:

with violinist Sarah Chang and conductor Charles Dutoit plays Ravel, Lalo and Stravinsky at 8 pm;

Jan 19, 24 Soirée Beethoven: part of tha 'Prades aux Champs Elysées' series featuring oboists J. Louis Capezzali and Chriatian Schmitt at 8.30 pm;

Jan 20 Soirée Brahms: part of the 'Prades aux Champs Elysées' series, featuring violinists Régls Pasquier and J.-Jacques Kantorow at 8.30

pm; Jan 18 Soirée Mozart: part of the 'Prades aux Champs Elysées' featuring violinist Raphael Oleg at 8.30 pm; Jan 21

**■ WASHINGTON** 

CONCERTS Kennedy Center Tel: (202) 467

 National Chamber Orchestra: tenth anniversary gala concert with the Washington Bach Consort. Piotr Gajewski conducts at 8.30 pm; Jan

 Washington Chamber Symphony: Stephen Simon conducts Bach and Haydn at 7.30 pm; Jan 20, 21 OPERA/BALLET

Washington Opera Tel: (202) 416 The Bartered Bride: by Smetana.

Conducted by Heinz Fricke. In English at 8 pm; Jan 19, 21, 25 Vanessa: by Samuel Barber. Director Michael Kahn, conductor Christopher Keene at 8 pm; Jan 18, 20, 23 (7 pm), 26

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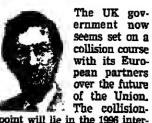
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#### Ian Davidson



governmental conference (IGC) that will revise the Maastricht treaty. The question is, can the crash be avoided? Prime Minister John Major

it appears, does not think it can. He set the tone of a rigidly minimalist position 10 days ago, when he announced that he could not imagine any very significant innovation emerging from the conference; if by mischance it did. Britain would veto it; and if that failed, ha would call a referendum.

This strategy is directed at Major's Europhobes. No doubt he bopes they will eventually come round to a more flexible position: unfortunately, their nain strength is their inflexibility. And a minority govern-ment like Major's is vulnerable to troublemakers, hecause it does not take many of them to make trouble. What he may think of as temporary and rhe torical concessions to the Europhobes may turn out to be cast-iron manacles binding him irrevocably to them.

As a British strategy for the IGC, this is inadequate. We know that the Germans, at least, will approach the conference with a far-reaching agenda of reform; and part of that agenda will be the pro-found changes required to admit up to 12 new members from eastern Europe and the Mediterranean. Since enlargement is now a public commit-ment by the Union, it is inconceivable that the Germans will renounce their agenda merely because Britain announces in advance that it would say No. The logical consequence of the Major position is that the UK could play no meaningful part

in the IGC negotiation. British negativism on Europe has lost its capacity to impress or deter. Since Maastricht, other member states have been discarding hopes that the UK would take a more constructive attitude. Now they no longer expect it: on the contrary, they are becoming convinced that this British government is fundamentally hostile to the kind of Europe which they have constructed

over the past 45 years. But the UK Foreign Office and therefore less reason to

Weak kind of wooing

British hopes of a special partnership with the French are doomed

knows that negativism, like patriotism, is not enough. When foreign secretary Doug-las Hurd gets into the thick of the IGC, he will need some-thing to say except No. So last week in Paris he tried a different theme: Britain and France have common interests, which should he a touchstone for Europe, in counterpoint to the traditional partnership between France and Germany. The problem with the Maas tricht treaty, he told his French listeners, was that the agenda had been determined

In France, no serious person imagines that nostalgia can be the basis of policy

hy France and Germany. He

had nothing against the Franco-German partnership; of course not; but the UK and France were old nations with a proud history, and they had not joined the European Community to assist at the wither-ing away of the nation state. So the UK and France should get together to make sure this did not happen in the IGC, as a result of an uprush of federalist excitement in Germany.

It was not as cruda as that, hnt very nearly. British officials regularly emphasise that the unique international posttions of the UK and France set them apart from the European herd: both are ex-imperial powers, both have nuclear weapons, and both are permanent members of the UN Security Council. As Hurd insinuated, France and Britain have more history than the others, and more natural independence;

submerge it in a Euro-Union. As a seduction theme, it has a sheen of plausibility. It is not just the Gaullists who are still receptive to the siren song of national greatness; many French are still leery of subordinating France to a Union where Germany is the biggest power; and many yearn for a politically and militarily inde-pendent Europe, but believe (or fear) that it is not attain-

able without the UK. Up to a point Prime Minister Edouard Balladur, odds-on favourite to be the next president, is open to all these feelings. Unfortunately, the British seduction suffers from three fatal weaknesses. First is its

anachronism. Many in France would like to slow the move ment of history; but no serious person imagines that nostalgia can be the basis of policy. Second, the Hurd overture does not include any form of

structured commitment, even to France. This is what he said on the subject of European defence: "There may well be occasions when the countries of Europe may wish to act together... Well, perhaps there may; but as a basis for strategic policy, this kind of ad hoc-ery is at the opposite extreme from the French-sponsored Euro-Corps. The French know from experience that Europe must be built on systems, not on improvisation.

The third weakness in the British seduction is that it does not address the German problem. The Germans are demanding a quasi-federal approach to the organisation of Europe. If the French turn aside to Britain, the Germans have two options: a politically integrated system with other willing partners, or a loose inter-governmental grouping, in both, the Germans would be dominant. Therefore, the French will not turn aside to Britain.

The difference between France and Britain is that the French have thought through their options, and the British have not. The French would love to finesse or even trump the German problem; but after many years of going round and round the maze, they have invariably come to the conclusion that there is only one way out: and it leads directly to the

Franco-German partnership. When the British kid themselves that they can retreat to nostalgia, avoid any systematic analysis, and evada the German problem, they render themselves ridiculous.

rotests against the European Union's fisheries policy have become almost as much a part of life for Europe's fishermen as casting their nets on the high seas.

The Common Fisheries Policy (CFP) was designed to create free trade in fish inside the Union, and has latterly tried to conserve fish stocks by regulating fishing in Europe's seas. However, disputes over access to coastal waters and skirmishes about overfishing have dogged the policy since it was launched in 1970.

Tonight, the UK government faces a vote in the House of Commons over the latest battle, on fishing rights in the seas west of the British Isles. Anti-European Conservative rebel MPs have used the oppor-tunity to threaten to side with the fishermen, causing further embarrassment for Prime Minister John Major.

Even if the government wins - as seems likely - the fisher-men are unlikely to be deterred. Fiercely individualistic hy temperament, fishermen across the EU are often prepared to take the law into their own hands when they believe competitors are flouting the rules or stealing their markets. In early 1993 and 1994, French fishermen staged violent protests against cheap fish imports, extracting emergency protection measures from Brussels. Last summer, Span-ish trawlermen clashed in the Bay of Biscay with British. French and Irish vessels. which they accused of using oversized nets to catch tuna. The latest cause of dissatis faction with the Common Fish-

the UK and Ireland. The Iberian countries - initially excluded from some European waters when they joined the Community in 1986 were due to be granted wider access by 2002. But the date was moved forward to 1996, as part of a deal on enlarging the Union this year.

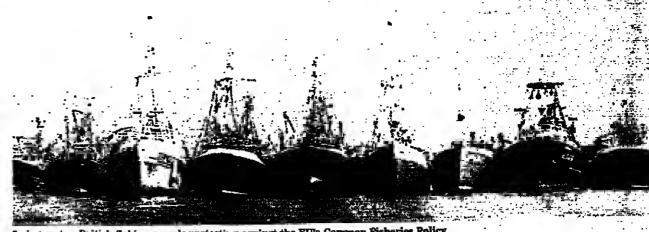
eries Policy is a deal agreed in

December over the large Span-

ish fleet's access to waters off

Mr William Waldegrave, UK agriculture and fisheries minister, was forced to grant the Spanish fleet access to the so-called Celtic sea - the area between south-east Ireland and south-west England - and allow 40 vessels to fish in the Irish Box, the coastal waters around Ireland.

Fishermen in south-west England are launching a campaign of demonstrations next month against the agreement. They say Britain must pull out of the fisheries policy if the UK



In hot water: British fishing vessels protesting against the EU's Common Fisheries Policy

Europe's fishermen are increasingly angry about EU regulations, write **Deborah Hargreaves** and **Alison Maitland** 

# Policy in troubled waters

industry is to survive beyond the end of the decade.

The deal has also gone down badly in Spain, since Mr Waldegrave did block Spanish access to the Bristol Channel and Irish Sea. Spanish newspa-

pers criticised the government

for failing to win as much as had been promised when Spain joined the Community. The Common Fisheries Policy is increasingly a target for fishermen's anger over the threat to their livelihoods posed by dwindling stocks of fish. Attempts to conserve stocks were introduced as part of the policy in 1983, but have been criticised by environmen-

talists as meffective and by the industry as too stringent. Supporters of the policy argue that it attempts to control fishing in European waters hy imposing quotas on catches of different fish stocks. A free-for-all could destroy already depleted stocks.

Yet this is just what British fisbermen claim will happen in their coastal waters next year. The Spanish will destroy whatever stocks of fisb are left ont there," says Mr Geoff Bullus, a Newlyn fisherman.

Spain is regarded by the UK fishing industry and its advisers as less assiduons in enforcement than other nations. The European Commission hopes Spain will improve its policing of EU quotas and conservation measures as a result of the deal.

Problems of monitoring and enforcement have been at the centre of criticism of the Common Fisheries Policy. Fishermost of the information on

men talk of the need to cheat to make a living, and how this can be done by false reporting of catches, using double-hulled boats to hide extra fish, and catching juvenile fish.

"If there were no cheating, 85 per cent of our fishing fleet would be in the red," says Mr John Ashworth, leader of the Save Britain's Fish campaign, which has industry backing. There has also been concern over states' slowness in reducing fleet capacity - essential in limiting fish catches. Having too many vessels chasing too few fish forces fishermen to throw back dead fish in excess of their quotas, or to cheat.

cientists say the fraudulent catch in some EU waters is at least 10 to 20 per cent of the legitimate one, with as much as 40 per cent of the catch of some species being discarded. Steps are under way to

tighten the enforcement of the fisheries policy:

The December deal committed all vessels over 15 metres long and fishing in western EU waters to report their entry, departure and catch to the nearest authorities.

· A satellite monitoring scheme for fishing vessels is being developed to enable member countries to keep better track of fishermen. From next year, fishermen will have to operate computer-

ised log books that will allow data to be cross-checked rapidly. "Massive frauds will be difficult to hide once we have computers," says one official.

• The Commission will produce an annual report, starting this year, on each member state's enforcement of the CFP. as a weapon for bringing errant fishermen and govern ments into line.

Environmentalists fear that such measures may not be enough to avoid a collapse in fish stocks. Sir Crispin Tickell, who heads a panel advising Mr Major on environmental matters, will call for radical reform of the Common Fisheries Policy later this month. We need to look at how it

can be tilted towards conservation of stocks and less towards who should have which hit." he says. Ha would like more funds to pay fishermen to leave the industry, and larger no-go areas to allow stocks to Although difficult to mea-

sure, scientists agree stocks of many species are low, They say they would recommend an end to North Sea cod-fishing, if that were possible without stopping all fishing activity. Irish Sea cod is at historically low levels, while cod, whiting, plaice, sole and northern bake in the waters off south-west Britain are close to, or outside, "safe hiological limits" threatening the fish popula-

tion's ability to replace itself. Environmental groups believe arguments between member states skirt the real issue and that, unless drastic action is taken to preserve stocks, fishermen will have nothing left to argue about. Ms Hélène Bours, European

fisheries campaigner for Green-peace, the environmental lobby group, believes the EU must rethink its whole fisheries pol-icy, making conservation its central objectiva. The CFP has been a hodge-podge of measures and compromises overvarious interests," she says. The Commission is still looking at superficial technical measures rather than trying to

set the whole policy right."
But UK fishermen believe the best way to protect fishing grounds would be to withdraw from the Common Fisheries Policy and restrict British waters to British fishermen. The Save Britain's Fish campaign claims 75 per cent of

fishermen want to pull out.
"The CFP is based on a fun damentally flawed premise that fish are a common resource," says Mr Ashworth. That doesn't apply to anything else."

Unilateral withdrawal from the policy has been dismissed by Mr Waldegrave, who says it would be impossible without the UK pulling out of the EU. But he is aware that fishing in the UK as in other member states, carries political clout way beyond the importance of the industry. "The whole output of the British fishing fleet is worth about £500m a year equivalent to the product of one medium-sized heavy engineering business. There are a few thousand people involved, in a nation of nearly 60m.

"But woe betide anyone who does not understand that the fishing industry matters." says

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## Unconvincing logic about case for unfettered capitalism

Sir, Michael Prowse's article

on Adam Smith ("Adam Smith and the virtue of capitalism", January 16) fails to convince me of the morality, or the logic, of unfettered capital-

Why should an impartial spectator, who is not concerned with his own interests, plump for a laisser-faire policy | wealth, while others are not

rather than an interventionist | even trained in order to sup-

On the contrary, he will take the view that homelessness is bad not just for the people involved, but for society, and that taxes must be raised so that something can be done

about it. He can also see that a society where some inherit untaxed

port themselves, is worse off than a society where redistri-

bution takes place.

The idea that redistribution can be left to individual benevolence did not work in the 19th century; it certainly does not belong in the 20th.

M de Vries Robbé,

# |Four years at university

From Dr Paul Marett.
Sir, There is one good reason, I suggest, why employers find that many graduates are below standard: the shortness of the English university undergraduate course ("Graduate skills criticised", January Except in a few specialised fields like medicine, veterinary science or certain "hard" lan-guages, the three-year (actu-ally two and three-quarters) course is tha norm.

This was long enough in the days when university entry was highly competitive and students followed a structured and narrow syllabus. With the trend to more diffuse pick-andmix courses of study, coupled with the virtual abandonment of selectivity in university entrance, it is no wonder that intellectual rigour and standards of personal achievement have gone overboard. The vast expansion of human know-ledge alone requires that the basic undergraduate course should be extended to four years at least, in lina with those in most other countries. Paul Marett, 20 Barrington Road,

Leicester LE2 2RA

# Devolution not priority among Scots

From Mr Richard Mowbray and Mr Michael Turner.

Sir, We expected better from your editorial. "Scotland and the union" (January 13). Not-withstanding the deep flaws in the implementation of a Scottish parliament - funding, the West Lothian question, likely effectiveness, all of which you gloss over - you are guilty of unquestioningly accepting the premises of the policy.

Where is the evidence that "in Scotland there has for some years been a broad consensus on the destrability and form of a devolved parlia-

It is true that, in 1992, 75 per cent of those Scots who voted (but only 56 per cent of the total electorate) favoured parties which support a Scottish parliament. However, only 54 a massive conversion from per cent (41 per cent of the being violently anti-Europe to

pendence (21 per cent) or the constitutional status quo (25

Furthermore, why are you not sceptical about the depth and passion of support for devolution? First, at no time in the past 15 years has any Scotthe past 15 years has they scur-tish opinion poll shown devolu-tion anything other than bot-tom of the list of voters' concerns, way below unem-ployment, inflation, education, health law and order and health, law and order and

Second, do you seriously believe that people vote Labour or Liberal Democrat because of devolution alone? In another context, are we supposed to infer that, in the past 10 years, Labour voters have undergone

Singapore right to protect institutions

electorate) voted for devolu-tion. The rest voted for inde-course not! The only serious vote for a

Scottish parliament is one for the Scottish National party. And, to its everlasting credit, that party does not pretend The so-called "broad consensus" is nothing more than the chattering classes - leftist

political activists and journal-

ists, sanctimonious clerics and

intellectually dishonest academics - all of whom see a devolved parliament as an avenue to power, influence and taxpayers' pockets. Richard Mowbray, senior lecturer in economics. Michael Turner. senior lecturer in politics, University of Paisley, High Street, Paisley PA1 2BE,

#### Market start

From Baron Lambert. Sir, In your articla, "Warhurg pulls out of Eurobonds (January 10), it is stated, among other things, that "the market was inaugurated by Warburg with a \$15m issue in 1963". You are probably referring to the Italian Autostrade

To put the record straight, Banque Lambert, Brussels, organised with Societé Générale de Banque a \$25m issue for Petrofina in 1957. Between 1967 and 1963 Banque Lambert managed a number of issues for Belgian government bodies, both in dollars and dellars D-Mark, for the Fonds de Réteblissement du Conseil de l'Europe, Poris, and in 1968 for Vestcraft, with the guarantee of the Danish government. Baron Lambert 4 Rue Constantin 1206 Genevo

common except Ansaldo. In fact, creating products and systems for industrial growth in Industry. Power and Transportation has made us into one of the leading companies in the field of Elec-

tromechanics. In Italy. our

homebase, we've worked with

Enel (the state electric com-

pany) to produce some 80%

of the electricity consumed in

Consider, if you will, a power

plant. a train. and a blast

furnace. They're nothing in

IN A MOVING WORLD. WE ARE THE MOVERS.



the country. In the United States, we hold 30% of the railway signalling market and are the recognized world leader. We are known for our capacity to offer timely responses to questions which are constantly evolving and specific solutions to the prinapal problems posed by earnomic development in more than 70 countries around the world. A world that mores. just like us, and even, we might sav. thanks to us.

tempt. It is a matter of the law From Mr Abdul Aziz Mahmood Sir. You have presented the

recent action to prosecute the International Herald Tribune for contempt of court as "extraordinary sensitivity to the press" and "because of crit-icism of its [Singapore's] insti-tution" ("Free to disagree",

As for the IHT, the Attorney General prosecuted Dr Lingle, the IHT and others for contempt of court because in Dr Lingie's article he claimed that "intolerant regimes in the region" had relied upon a "compliant judiclary" to hankrupt opposition politicians.

The court has decided that this allegation about a "complitaking its course. Singapore's law of contempt is derived from English law.

Singapore attaches importance to safeguarding the integrity of its key institutions like the indiciary. When its integrity is unjustly impugned, it is the Attorney General's duty to cause investigations and, if the evidence warrants, to institute prosecution. This is what happened in this case. In some western countries, the respect for and integrity of key institutions like the judiciary, the legislature and law enforce ment bodies have been seriously undermined.

Why should Singapore not ant judiciary" constituted con- take steps to protect its key institutions and to ensure that they are not similarly unjustly maligned and deni-

In fact, the IHT has unreservedly apologised to the judiciary and to Senior Minister Lee Kuan Yew after admitting that Dr Lingle's remarks could be understood as suggesting that the Singapore judicials that the Singapore judiciary
was compliant and that Mr Lee
had relied on It to bankrupt
opposition politicians through court action. The IHT accepted that such a suggestion is Abdul Aziz Mahmood, Singapore High Commi 9 Wilton Crescent,

London SW1X 8SA

#### FINANCIAL TIMES

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# End Europe's post cartel

It is generally assumed that most of the rest of the EU. "superhighways" are high-tech Recent experience in te affairs, the product of advanced telecommunications and electronics. In reality, competitiveness in tomorrow's information society will be just as dependent upon seemingly old-fashioned technolo-gies, of which none will be more important than the door-to-door postal service. That is why Europe's postal cartel is so damaging, and why EU governments should make reform of the postal regime a priority.

a Maidand

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The EU has made commendable progress in opening telecoms to competition. By 1998, basic voice telephony will be liberalised across almost all of the EU. Although regulation will remain to protect consumers from near monopolies, few now argue that a universal phone service, which puts consumers first, requires public ownership and the banning of competition

Yet in the postal arena, such assumptions still hold sway. Only the Netherlands has so far moved its post office to the private sector. The UK government, which led the way in telecoms privatisation, recently bowed to political pressure and abandoned plans to privatise the Royal Mail. Of the other

larger EU states, only Germany is on the road to postal privatisation. The consumer is the loser from the status quo. In the UK, opposition to privatisation centred on the closure of local post offices, which were not even included in the proposed privatisation, and on the future of daily deliveries, which were to be protected by legislation. Meanwhile, the government extracts a profits levy from the postal service - £226m this year - equal to twice the level of a reasonable dividend payment. Postage is thus more expensive than it would be in the private sector, and investment in new technology is depressed.

Greater efficiency

Furthermore, the only significant market in which the Royal Mail faces competition is parcels, where it makes a heavy loss, So there is good reason to suppose that competition in letters would yield greater efficiency and cost savings for the consumer. If that is true of the UK postal service, one of Europe's most efficient,

Recent experience in telecoms points to the importance of strenuons action by the European Commission to force the pace of liberalisation. In telecoms, Brussels exerted strong pressure on governments afraid to reform, because of opposition from vested interests. In postal services the Commission has exhibited a timidity bordering on indifference. A green paper in 1992 was followed by a long period of inaction; and although a directive may be in the offing, it is not expected to promote much new competition. Nor will it tackle the cartel of state postal operators, which fixes charges for delivering cross-border mail and is accused of putting obstacles in the way of operators seeking to offer cutprice, cross-border services within the current rules. Fortunately, yesterday's attempt to raise crossborder prices was delayed by Spain and the Netherlands.

Niche markets

It is essential that the Commission applies itself to postal services. It should take three steps. First, it must examine the existing cartel to see if costs justify exist ing and proposed charges, and investigate the grievances of private operators. Second, the exist ing monopolies of EU postal operators need to be restricted further. At present, most operators have a monopoly over mail stamped at well above the price of first-class postage, or its equivalent. The monopoly ceiling should be reduced, in stages, towards the first-class price - a move which would not endanger universal service, but would encourage new operators in niche markets. Third, the Commission must go

further and address the vexed issue of universal service. Sweden has opened its mail market to full competition, and now has a private operator offering a competing service in its three leading cities. Sweden Post, the state operator, receives no subsidy for servicing the country's extensive rural areas. It is flourishing nonethe less. If Sweden can guarantee uni-versal service without a monopoly, why should other operators need such protection? The task is to explain to voters that postmen do not have to come in identical uniforms if they are to deliver

# Nigeria takes half a step

On the face of it, Nigeria's budget the government's capacity to amounced at the weekend suggests that the country's military government is at last getting to grips with its economic plight. It contains important steps towards a liberalised economy, including a deregulated foreign exchange market, relaxation of restrictions on foreign investment, and closer monitoring of the country's vital oil export earnings. If implemented, this would form the basis of a new agreement with the International Monetary Fund, and restore World Bank support for the economy. It could also underpin a new deal on rescheduling Nigeria's \$30hn external debt.

The Nigerian government should not be surprised, however, if its renewed commitment to ecopomic reform is treated by both its creditors and the international institutions with profound scepticism. Virtually nothing in the country's record since the economic crisis took hold in the late 1970s gives reason to respond otherwise to the financial package set out by Nigeria's military leader. General Sani Abacha.

It was General Abacha himself who dealt a severe blow to the country's already ailing economy less than two years ago when he fixed the naira at an artificially high level. His decision to reverse this move and liberalise the foreign exchange system is at least a first essential admission of his error, and a step towards Nigeria's recovery. But it is only half a step.

Engrained corruption

.The government has kept the official exchange rate of N22 to the dollar for the public sector, although tha market value is about Nas. That will not just distort the economy, by allowing the government access to cheap foreign currency, and so cheap imports. It will also reinforce the already deeply engrained corruption. Until General Abacha accepts the need for a marketdriven exchange rate for the whole economy, scepticism will rightly continue about his administration's competence, as well as its commitment to a budget intended to mend fences with the World Bank and IMF.

The 1995 budget is also based on some highly questionable and

achieve a big increase in its nonoil revenues. These are supposed to reach \$70n this year, compared with the \$2.1bm forecast for in 1994 which itself proved overoptimistic.

Nevertheless, an important positive step in the budget has been tha decision to close - and trans-fer to the control of the central bank - the so-called dedicated accounts, into which more than 10 per cent of Nigeria's oil revenues had been diverted in recent years. There was no accountability for these funds, which have been used to finance projects of little or no real benefit to Nigeria, such as arms purchases. Their intended closure is a welcoma move towards greater transparency, something creditors have long

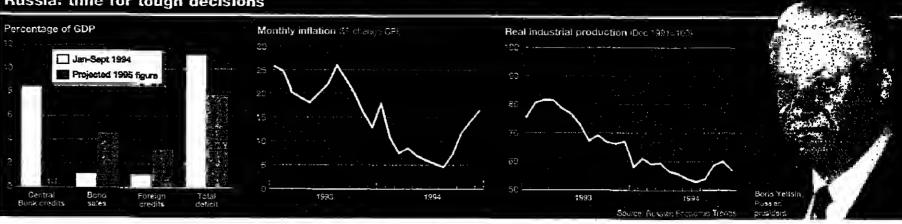
Optimistic forecasts

The optimistic budget forecasts assume a swift and positive response from foreign investors, who will now be able to increase their stakes in Nigerian concerns above the current ceilings of between 40 and 60 per cent of equity. But such investors are likely to be as cantious as Nigeria's creditors. They will wait and see whether the budget promises are fulfilled.

Unfortunately, nothing has changed for the better, and much has deteriorated, since a structural adjustment programme launched in 1986 effectively lapsed some three years later. There can be little confidence that Nigeria is more capable of carrying out a promise of reform today, after so many years of sharp decline. Vital institutions essential to its implementation, ranging from the civil service to an independent judiciary, have been made weaker not stronger. Above all, the most important institutions in the public sector have been undermined by the pervasive corruption.

Nevertheless, the Nigerian government has perhaps done enough in this budget to receive a sympathetic hearing when its senior officials visit western capitals in the coming weeks. Yet this is only a start towards making Nigeria an attractive proposition. Nigeria can only expect new resources if its government establishes a record optimistic forecasts, especially of in coming months.

#### Russia: time for tough decisions



be International Monetary Fund officials who arrived in Moscow yesterday to review the Russian economy will be obliged to take some unusually

In the midst of the battle over Chechnya, the IMF working group will have to assess Russia's chances of implementing a successful eco-nomic stabilisation plan. Then they will have to make a choice: should they recommend backing Russian reform with the IMF's biggest-ever package of financial aid, or walk away from the country's political and economic turmoil and return when the climate is better?

The Russian government, which has strained to devise a tough budget to reduce the monthly inflation rate to less than 2 per cent by the year-end, is still hopeful that an IMF deal can be struck this month. It envisages that more than onethird of its projected budget deficit will be covered by western credits. If they fail to materialise, the government will be forced to rethink its entire budgetary strategy with a potentially disruptive impact on Russia's fragile financial markets. But the IMF's credibility is also at stake. If its directors were to dis-

 a \$6.25bn standby facility to be backed later by a \$6bn currency sta-bilisation fund - they would have committed a substantial part of the IMF's total funds to one country. The IMF would look foolish if Russian reform collapsed or IMF money aimed at economic reform was diverted elsewhere by reactionary Russian officials, Granting credits to a country waging a visibly brutal war would also provoke

moral outrage among some human

burse the maximum funds possible

rights activists. "This is prohably the biggest decision in the IMF's 50-year history." says one senior western official. While in Moscow, the IMF group will start by determining how far the Russian government has satisfied the IMF's previously stated con-ditions for ald. Though regarded as

mistically until 9 in the evening.

be working hard - by those at vary-

ing levels within companies around

the world. While employees and

executives in some countries are

encouraged to take more time out of the office to reduce the risk of dam-

Working nine to five is a luxury

that few American executives

enjoy. For many, work is the only way of life, and they put in the hours to prove it. A London-based

executive at a European bank says

he was shocked when he moved to a US bank. "You are seen to be a

wimp or not pulling your weight if

you leave before 10pm on a week

According to The Overworked

aging their health.

night," he says.

Russia's day of reckoning

The IMF must soon decide whether to back Moscow's economic reforms or walk away, writes John Thornhill

approached the limits of IMF acceptability. In the IMF's view, the budget deficit - put at 7.8 per cent of GNP hy Russia and at 10 per cent by the calculations of the IMF needed to be narrowed before any

support could be given. Since the Russian ministry of finance has been working on how to raise extra revenue and trim expenditure, it would be surprising if, after some hard bargaining, the two sides could not resolve their differences. But the critical issue will be wbether Chechnya will throw that

Mr Anders Aslund, former economic adviser to the Russian government now at the Washin think-tank, the Carnegie Endowment for International Peace, says the IMF may attach far looser conditions than normal because Russia is considered such a "special case".

"Ukraine is trying to do all the right things to win western support and the same is true of Belarus. But the great power instincts of Russia are evident in its dealings with the IMF. They think they should have as large a budget deficit as anybody is allowed by the IMF," he says.

The IMF may be more stringent in assuring itself that the Russian government has delivered on its promise to liberalise the oil trade, where export quotas have limited foreign earnings and kept domestic prices artificially low. After a fierce political battle, the Russian government adopted a resolution accepting

the principle of liberalisation. But the IMF will have to discover whether the implementation of the new regime contradicts its intent as some observers suggest.

The second issue to be considered by the IMF will be whether the projected stabilisation programme can work. The government's attempts at gradual stabilisation last year prodnced some successes, with inflation squeezed down to a monthly rate of 4 per cent in August. There were also signs that the sharp fall in industrial production was beginning to level off.

ut too loose a monetary policy led to October's rouble crasb, ignited inflationary expectations and pushed the monthly rate up to 16 per cent in December. The rouble yesterday slid to Rhs3,861 to the dollar, while the budget's assumptions are based on a rate of Rbs3,200.

The government's record on collecting taxes is dreadful. Moreover, macro-economic controls are weak and there is no guarantee that the budget's central principle - that there will be no issuing of state credits - will be respected.

The record on structural economic reform is also patchy. Although privatisation has transformed large swathes of the economy, other sectors bave been untouched. There has been little movement on land privatisation or agricultural reform

critical - concern for the IMF team will be to decide whether Russia's leaders have the will to implement their plans. As well as assessing the impact of the Chechen war on budget spending, the IMF will have to

judge its effect on the political cli-Russia's liberals bave warned that the war bas speeded the country's slide towards an authoritarian regime. The optimists hope, bowever, that the conservatives have so discredited themselves in Chechnya that the political pendulum will swing back and liberals regain lost influence.

'Chechnya's potential for changing the political structure of Russio is very great in both directions," says a western diplomat.

In theory, the IMF will not worry greatly about the political complexion of the government so long as it believes it can implement what it has agreed, Unlike the European Bank for Reconstruction and Development, the IMF's founding articles contain no imperative to promote democracy. The IMF, bowever, will want to be certain that the ministers who sign any agreement will survive to implement the policy.

At the heart of the IMF's dilemma

lies the question; does the west continue to believe in Mr Boris Yeltsin, the Russian president, as a democrat and an effective supporter of economic reform?

Mr Jesse Helms, the conservative senator from North Carolina who

heads the US Senate Foreign Relations Committee, is already growling that Mr Yeltsin will jeopardise international aid if the "brutality" continues in Chechnya.

The US administration, bowever bas not given up hope on Mr Yelt-sin. Germany's Chancellor Helmut Kohl has also continued to express strong backing, despite the "total madness" in Chechnya.

"Everyone agrees that democrati-sation and the free market should develop in Russia and that western money should be used to support those ends," says one US official.

The least controversial option for

the IMF, therefore, may be to provide only part of the funds, allocated in tranches, on the basis of strict conditions. But such a middling course would not guarantee economic stabilisation or liberalisation in Russia, and would surely be criticised hy those who believe the IMF has consistently been guilty of feeding failure and starving suc-

Giveo the doubts about Russia's chances of stabilisation, some economists have argued it would be better for the IMF to disburse no funds until the government draws up a cast-iron budget that commands imequivocal support. IMF support for a weak stabilisation plan, they say, would only delay the day of serious stabilisation and discredit

the image of reform.

But the short-term cost of such a policy could well be a surge in inflation and social instability. It would surely strengthen the authoritarian wing of the presidential apparatus which would perhaps try to reimpose state regulation.

Mr Sergei Aleksashenko, the deputy finance minister and one of the chief architects of the budget, argues: "If the west does not provide the money, the whole reformist wing of the government loses its influence and its importance."

For the west, that political fear may well override any misgivings about the economic virtues of Russia's budget and any moral doubts about the war in Chechnya.

#### Executives are working more hours, say Andrew Jack, Motoko Rich and Emiko Terazono

#### The longer daily grind nternational executives fixing their appointments for 1995 might be shocked if they used the diaries issued to their Leisure by Junet Schor, A now work an average of 164 hours before responding." more annually than 20 years ago.

nterparts in France. The houriv slots allocated for each day of the week start at 7am and stretch opti-This amounts to about a month It is just one illustration of the more at work per year. vast differences in the length of working hours - or perhaps the efforts made in order to appear to

In France too, workaholism seems to be on the rise. The working day for an executive in Paris increasingly starts with a breakfast meet-ing. It stretches late into the evenings. However, weekends, summer holidays and working lunches tend to remain sacred institutions for the under greater pressure to work even harder, others are being French, whose statutory holiday entitlement was increased to five weeks a year in the early 1980s.

Mr Jean-Michel Raingeard, director of communication at accountants Deloitte Touche Tohmatsu in Paris, says: "There is a tendency for people to work much more than in the past." He argues this is particularly true in the financial sector and for more senior staff. He believes the change reflects developments in white-collar productivity, the internationalisation of the economy and travel and communications. With According to The Overworked faxes and computers you have American, the Unexpected Decline of much more paper and no longer wait for the next morning's

Mr Michel Crozier, a retired professor of industrial sociology, says the growth in working bours in France reflects a new "passion for enterprise" that has developed over the past few years. He also highlights the traditional work-obsessed culture of the French élite.

Nowbere is the image of long working hours stronger than in Japan. Yet much attention has been focused recently on reducing bours, and it is salaried employees who tend to spend late nights in the office while their bosses have the luxury of a more manageable working day: in by 83m and out by 6pm. For the past decade, average annual working bours in Japan

have hovered at about 2,100, although a survey last year showed one in six male workers put in more than 3,100 hours. Long hours have been seen as an effective way to demonstrate company loyalty. Ironically, it was criticism from

US companies of Japanese working hours that helped spur the govern-

ent to cut overtime and increase bolidays. More recently, pressure bas been growing, partly in response to concern over the risk of karoshi or death from overwork. Last year the Japanese parliament passed a bill to reduce the working

week to 40 bours as a part of its

five-year plan to become a "life-

style superpower". Many companies have banned excessive hours, and some are reviewing the salary and promotion systems to gear them more to results. Oki Electric, the machinery maker, bas said its researchers would he evaluated by their research results, rather than by the

number of bours spent working. Strong social pressures also remain. In Japan, weekly magazines aimed at middle-aged employees often bemoan recent trends in the office where younger workers refuse to put in hours that are not mandatory, especially if they are not compensated.

Probably the most influential factor in belping to cut Japanese working hours has been the economic

downturn and the decline in corpo-rate profits of the early 1990s. That suggests recovery could re-introduce the same pressures in Japan and elsewbere.

'Unless a company changes the evaluation method for employees, working habits won't change that easily." says one insurance company official.

The current wave of concern about over-work, meanwhile, is not confined to Japan. Many managers realise, for example, that unless staff take their bolidays they will fail to perform effectively. "I insist on my staff taking their bobdays, says a partner at one leading British accountancy firm. "Otherwise they become less productive."

One influence that may help reduce working bours over the next few years is the growing influence of women in top positions. They have traditionally tended to place greater emphasis on balancing work with leisure and family life.

Some companies in the US and UK bave responded by offering more generous maternity terms and flexible working patterns, realising that otherwise expensively-trained staff may simply leave at enormous

## OBSERVER

#### Swiss cheese survey

So you want to live a life of rich pickings eh? Then Geneva is the place for you. Citizens of the Swiss city - many of them internstional diplomats on healthy. fiscally-unchallenged incomes enjoy the highest quality of living in the world, according to survey of 118 cities.

But if you can't wangle your way into Geneva, then Vancouver, Vienna, Toronto and Luxembourg might do, coming hot on the beels of Geneva. Almost anywhere in the US falls

beneath consideration, with Boston scoring highest - rated 30th worldwide - and New York managing a lame 44th. Lagos, Kiev and Algiers came bottom. By coincidence, the survey was

conducted by the Geneva-based Corporate Resources Group, a private international human resources organisation. By an equal - though rather more unfortunate coincidence, the survey was published yesterday, soon after the Japanese earthquake. Making its finding that Osaka is one of the safest cities in the world, slightly suspect, perhaps.

Home sweet home Romário de Souza Faria, the brilliant Brazilian footballer wbo

last week left Barcelona to return to his native Rio de Janeiro, received a hero's welcome on his return. parading through packed streets of supporters and having his photograph on the front of all the papers. But one of Romário's biggest fans, his mum, is not best

Spain rather than return to the notoriously dangerous Rio. "Why leave Barcelona? Rio's so violent. I'm afraid of a kidnapping, she told Veja magazine. Romário's dad, who runs a small bar, was himself kidnapped last year but released unhurt.

pleased. She wanted him to stay in

#### How sweet

Of course, it is the land of the free, so it's only fair and proper that US citizens now have the chance to vote on one of the hig issues of the day - what should be the next colour for the M and M coated chocolate drops produced by Mars?

"Colours add fun and enjoyment to everybody's chocolate experience," says Pat D'Amato, public relations manager for M and M-Mars. Voters have until March 17 to register their preference. choosing between pink, purple or

Those happy with the status quo - brown, yellow, orange, red, green and tan - can vote for no additional

Those planning to vote for a small dental bealthcare warning etched in psychedelic lime on each M and M

are out on a limb.

Heavy phone bill More on the "can they be

serious?" front. A senior figure in China's judiciary, Liu Qinghai, deputy director of the Guangdong higher people's court, is quoted in the China Daily newspaper as saving that cellular telephone code thieves "should be given sentences ranging from less than five years to life, or even death".

It seems the Guangzhou lelecommunications bureau receives more than 400 calls a day from customers complaining they have been charged for calls they didn't make. In the past two years officials in Guangdong have investigated 247 cases of such theft, arresting 330 criminals and recovering losses of some \$1m. The ultimate disconnection service; but will it work?

Chair too far

■ How is Peter Davis getting on with spending the £2m pay-off he scooped up from Reed Elsevier, the

Anglo-Dutch publisher? When 53-year-old Davis quit his post as co-chairman last June, the assumption was that he would be snapped up again pretty quickly. By all accounts, be has not been short of offers - but he seems to have suffered from a dearth of chief executive slots large

Sighted recently on Concorde bound for New York, Davis could be about to be parachuted in by the likes of KKR to run a big American

enough for him.

At the same time, the longer he has given the market to reflect, the more the impression has gathered that, excellent as his strategic brain might be, be did lack the ability to carry the team with him. Ergo, be chief executive. He is reported to have looked at one chairmanship recently - possibly Sears, which in the end appealed to Sir Bob Reid.

Now he has been mentioned as a possible next chairman of Saatchi & Saatchi – though who would blame him were be to decide that that was another challenge he could resist.

#### Word power

■ The Hong Kong consumer council has put out a warning about electronic dictionaries; apparently some are inclined to take English too literally.

Thus the English phrase "the moon rose" is occasionally defined in Chinese as a type of flower, while "the sky is clearing up" becomes "the sky is disappearing". On one machine "he is ill at ease all the time" was translated into Chinese as meaning "he is always happy after getting ill".

No sign of a machine, bowever, which translates "1997" into "sure, no problem".

"Financial Times

#### 100 years ago

Serious situation in Panama According to a despatch from Colon, placards have been posted up there giving notice of a plot to burn the city if wages are not raised in proportion to the cost of living, and threatening railway property and the lives of railway officials. The Government, it is added, fears the outbreak of a revolt, and has asked for troops from Bogota and Panama. The citizens are forbidden to be in the streets after nine o' clock at night -

#### 50 years ago

France takes over Renault works The Renault factories (which served the German war machine during the occupation of France) become the property of the French State under a decree published in yesterday's Official Journal. The decree dissolves the owning company and configrates the property, including patents, inventions and processes, and also the shares held in the name of Louis Renault. The other shareholders, now very few, are to receive compensation. Louis Renault died in Fresnes Prison, near Paris, two months ago.



# FINANCIAL TIMES

Wednesday January 18 1995



# Santer pledges to push for more united Europe

By Lionel Barber in Strasbourg

Mr Jacques Santer, the incoming yesterday pledged to push ahead with European integration, and challenged UK government visions of a "Europe a la carte".

In his investiture speech, Mr Santer warned Eurosceptics in the UK and the rest of Europe that the 1996 inter-governmental conference to review the Maastricht treaty must atreamline European Union decision making, particularly in judicial affairs and immigration.

Mr Santer and the new commissioners are expected to be approved by the European Parliament today. He offered olive hranches to a newly assertive parliament, and promised to fight for an integrated EU with strict enforcement of its laws.

The former Luxembourg premier will succeed Mr Jacques Delors, one of the driving forces hehind political and economic integration in Europe over the

Mr John Major, UK prime minister, of a "Europe a la carte" in which the 15 member states of the Union could choose where they wished to integrate, and warned that further enlargement to eastern Europe would require a "giant leap" forward. He also reaffirmed his belief in a single European currency.

Page 3

Santer steers middle course ■ Mitterrand'a vision thing

Mr Santer appealed to the UK mr samer appeared to the UK government to join the rest of the EU in signing tha social chapter of the Maastricht treaty.

His remarks outraged right-

wing British Conservative MPs. Sir Teddy Taylor said it was appalling that the Commission boss we fought to have appointed is slapping us in the face with

extremist Euro-nonsense."
Mr Bill Cash said his speech Teaves no doubt whatsoever that the federalists are on the march

However, Mr Major told the House of Commons at question time that "the high tide of feder-alism in Europe is past". He said the defeat of the federalists would be "apparent" at next

year's conference. In spite of criticism among soma MEPs over the quality of a number of the 20 Commission nominees, parliamentary leaders predicted that the Santer Com-mission would secure the absolute majority required to start its five-year term next week in Brus-

Mr Santer yesterday promised to treat the European Parliament

as an equal partner.
The session in Strasbourg was also treated to a virtuoso performance by President Francois Mitterrand of France. In his fourth and last address to the parliament before he leaves office in May, Mr Mitterrand appealed for closer European integration but warned against a "big leap ahead" at the 1996 con-

# UK publishers plan to call for minimum prices on Irish sales

By Alice Rawsthorn and Robert Rice

The Publishers Association, which represents most UK book publishers, plans to press for the right to reinstate minimum prices on UK books sold in the Irish Republic following a ruling by the European Court of Justice

yesterday.

The court overturned a decision by the European Commission in 1988 which banned UK publishers from applying the net pact whereby publishers specify minimum prices for books for six months after publication - on UK books sold to other European

Union member states. The European Court said the Commission had failed to take proper account of UK publishers' arguments for exempting the NBA from European competition

rules and must now reconsider. from EU countries and selling

tices Court arguing that the NBA was against the public interest.

the ruling will be Ireland, to which £46m of books were exported from the UK last year. Mr lan Taylor, international

advice before lobbying the Irish authorities for the NBA's rein-

pricing dates back to the Commission's 1988 ruling that pub-lishers should no longer be allowed to impose minimum prices on books sold to other member states of the EU.

Similar agreements to the NBA exist in most member states, including the Irish Republic. This decision was upheld in 1992 by the European Court of First Instance, the EU's junior court. Ireland's competition regulator then ruled that the NBA could no longer be applied to books sold in the republic. Most UK publishers have continued to charge their usual minimum prices, but Irish booksellers have been free to dis-

Uncertainty remains, Page 8

# Chechnya fighting clouds **US-Russia** meeting

By Our Foreign Staff

Mr Warreo Christopher. US secretary of state, began talks in Geneva last night with Mr Andrei Kozyrev, Russia's foreign minister, under what US officials described as a "hlack cloud" caused by the fighting in Chech-

Mr Christopher cantionsly welcomed reports that the Russians and a Chechen delegation in Moscow were working on a ceasefire agreement. "It cer-tainly would be good news if it

came aboot," he said. However, President Boris Yeltsin's efforts to shore up Russia's credibility, shaken by the war in Chechnya, were undermined yesterday hy a sharp fall in the rou-hle. The Russian currency, which was at 3,550 to the dollar a month ago, dropped yesterday to

The two-day meeting in Geneva aimed at patching up one of the most difficult periods in US-Russian ties since the cold war, began amid a welter of conflicting signals from Moscow which Washington was watching closely. Mr Christopher has promised to raise US concerns over the excessive use of force in Chechnya "in the strongest

However, Mr Kozyrev said on arrival he did not think that the Chechnya issue would ruin the meeting, at which Nato expansion and the possibility of a US-Russian summit in May will also

be high on the agenda. "I am sure our partnership is better than that," he told report-ers. Russia initially said it would refuse to discuss Chechnya at the Geneva meeting, but since then its position bas softened slightly. US intelligence officials, in an

unusually frank public comment on Russia's internal power struggle, predicted yesterday that Generals Pavel Grachev and Victor Yerin, the Russian ministers of defence and internal affairs, might be sacked as a resulted of the Chechnya operation.

Both the US and Russia have rent disagreements over Chechnya and consider holding a summit in Moscow in May. However Russia has so far shown more enthusiasm for this idea than the

US criticism of Russia's operation in Chechnya has reached a crescendo in recent days, with President Bill Clinton urging an end to bloodshed and Mr Christopher denouncing the onslaught as "ill-conceived and ill-exe-

Mr Christopher has pledged to use the Geneva talks to overcome Russian objections to the eastwards expansion of Nato. Mr Yeltsin lasbed out at these plans during a European security summit in Budapest last month.

Rouble decline, Page 3

#### Despite yesterday's ruling, publishers are not yet free to use the statement. agreement to prevent UK book-The row over Anglo-Irish book sellers re-importing British books

them at a discount. Brussels' original decision that the net book agreement infringes competition laws still stands and the Commission may again

decide not to grant an exemption. Meanwhile, the UK's Office of Fair Trading said it was proceeding with its attempt to abolish the NBA in the UK, with a submission to the Restrictive Prac-

The main market affected by director of the Publishers Associ-ation, said it was seeking legal

count UK books.

Continued from Page 1

was subdued in early trading yesterday. The benchmark long bond was down 🛔 by early afternoon to yield 7.800 and the Dow Jones Industrial Average was down 6.06 at 3926.62

The modest fall in bond prices reflected renewed confidence that the Fed would act to prevent higher inflation by tightening policy at its scheduled meeting on January 31 and Fehruary 1.

 Mexican financial markets received a boost yesterday as the central bank's auction of \$400m. tesobonos, short-term dollar-denominated securities, was over-

**Europe today** 

Five-day forecast

from the odd snow shower.

A storm near Iceland will bring blustery conditions to the British Isles. During the morning, a south-westerly storm will affect northern parts of Ireland and Scotland. A band of rain will sweep east over tha Low Countries, France and Spain with a risk of over Russia will cause plenty of sun from Poland to Austria with daytima temperatures below freezing, Italy and the Balkans will

cloudy. Cold air will move south over the Black Sea drawing moisture from the relatively warm water. The result will be

Low pressure systems will continue to cross the British Isles bringing rain and showers into western and central Europe. The possibility of storm force winds will remain high in the northern UK. During the week, cloud and rain will move from west to east over the Mediterranean. Much of the Iberian

peninsula will become clearer on Thursday. Eastern Europe will be cold but dry, apart

#### US output up | Rome government threat

Continued from Page 1

stock market also lost close to 2 per cent, knocking the shine off Monday's euphoria over the prospect of a technocratic government - composed of non-elected figures - headed by a tough trea-sury minister committed to tackling Italy's financial prob-

votes of those who caused the

Mr Dini was the candidate nominated by Mr Berlusconi and his allies to head a new government as a respected technocrat. But yesterday the 63-year-old fordirector-general of the Bank of Italy was in the curious position of relying for survival on the

Berlusconi government to fall. To survive the vote of confidence in parliament which his government must face, Mr Dini needs the full backing of the Northern League, the centre parties plus the left headed by the former communist Party of the Democratic Left.

Last night, Mr Berlnsconi suggested that he would consider supporting the government "if it is prepared to take the country to elections as soon as possible" Mr Dini had made it clear he

could not accept the demands. The list of his ministers was carefully chosen from non-parliamentarians to please as many as pos-

#### THE LEX COLUMN

# Inflating rates

An early increase in US interest rates is back on the agenda. Action at this month's Federal Reserve Open Market Committee meeting seems likely. Industrial production growth in December was not only higher than expected; the figures suggest the econ-omy accelerated in the last quarter of 1994. Given that capacity utilisation is at its highest level since 1979, further monetary tightening is needed to pre-vent more than modest increases in inflation. The Fed, which last year struggled to convince markets of its anti-inflationary zeal, will not wish to sacrifice this hard-won credibility.

Pundits may point out that racy production figures are hard to square with last week's poor retail sales statistics. But, given that the retail figures tend to jump around, it is more likely they will prove to be rogue. It is also unlikely the Fed will be deterred from acting hy Mexico's problems. A rise in US interest rates may make it harder for Mexico to stem capital outflows, but this will be much less important than what the country itself

does to restore financial stability. Early monetary tightening need not be bad for markets. Much depends on how far rather than how fast interest rates rise. The hest hope is that another one or two rate increases will convince markets that the Fed has done enough to cap inflation at accentable levels. The danger is that, hecause there will be a lag before there is evidence of any slowdown, the Fed could be bounced into excessive tightening.

Japan's largest earthquake since 1923 is a tragedy. But although the extent of the damage will take time to estimate, the economic impact is likely to be less traumatic. The markets' main concerns have centred on bonds. However, fears that Japanese insurance companies will have to liquidate bond portfolios to meet liabilities are exaggerated. Only 3 per cent of households in the Kobe region own earthquake insurance and the maximum payment on such policies is 50

Fears about the government's liabilities are more justified. The prefecto-rial elections in April will create pres-sure to compensate victims generously. True, the government has disaster relief funds available, but its insistence that it will not access the bond markets is unconvincing. Increased bond sales need not cause



severe disruption, however. The government had intended to reduce such issues by 7 per cent next financial year. That suggests investors will not be overwhelmed with demands for cash, making an acceleration in the repatriation of Japanese funds over-

seas unlikely The quake may adversely affect gross domestic product growth during the first quarter, but in the longer term reconstruction spending is likely to boost economic activity. The con-struction, cement, and steel sectors will be the main beneficiaries. This could extend beyond rebuilding work: the extent of the damage has surprised the Japanese who may now have to strengthen buildings throughout the

US banks

The US banks appear incapable of firing on all cylinders simultaneously. Yesterday's clutch of results shows that some operations are motoring ahead: continued strong economic recovery is boosting loan demand.
Banks such as Chase Manhattan and
Chemical are benefiting from strong
consumer and credit card lending. Moreover, most have sorted out their non-performing loans with the result that there has been a marked improvement in asset quality. The benign economic environment, and some astute share repurchase schemes, have also helped most banks report double-digit earnings per share growth.

But the results would have been better if, after sorting out many of 1993's problems, the banks had not discovered new ones. The securities trading results at nearly all the banks were

abvernal; they were caught out by the Fed's February interest rate rise and the subsequent collapse in the bond market, The tightening of interest rates has also created a mismatch between the maturity of some banks assets and their liabilities.

This year, many will find strong growth in earnings per share difficult to achieve. With interest rates set to rise further and competition increase ing the regional banks will struggle to improve net interest income. Any slowdown in the economy could also undermine loan growth. The banks will need to cut costs further, but their best hope is an improvement on last year's trading results: given how poor they were that should not prove too difficult.

BAe

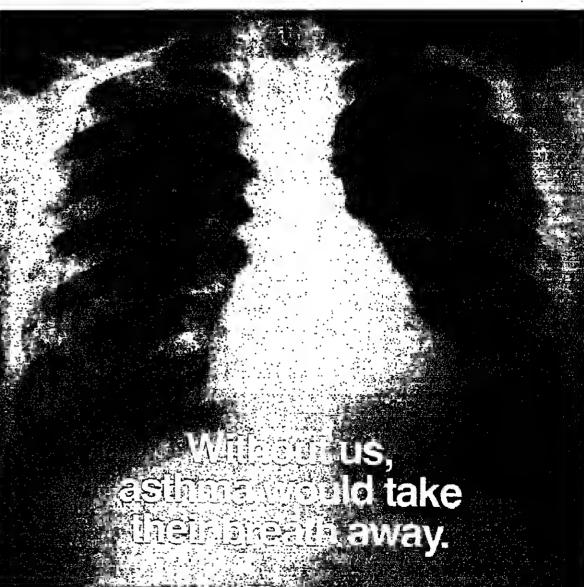
British Aerospace is coming close to lancing its commercial sircraft boil The joint venture the company is near to finalising with ATR takes in not merely BAe's turbo-prop activities but looks likely to include its Avro regional jet subsidiary as well. It thus goes beyond the scope of industry expectations and for BAs is welcome following the failure of previous attempts to forge strategic alliances.

Closing the Jetstream & production line will cost a substantial sum, but BAe is sitting on the bulk of the £178m (\$277.7m) proceeds of the first stage of its "Trombone" rights issue and is bet ter placed to finance such restructur ing than in recent years. The link-up would leave the group with exposure to a sector which has recently shown the first stirrings of recovery. But it lowers the risks should overcapacity continue to take its toll. After all, the planned rationalisation is unlikely to alter fundamentally the economics of the competition-ravaged market for smaller commercial aircraft. A complete retreat may in time be necessary but the joint seasure only makes tha

In the short-term the move opens the way for a sharp reduction in the division's losses. If this prompts a rise in BAe's share price, it will make i easier to finance a revived bid for

But it will also make BAe itself look more digestible to GEC where Lord Weinstock, managing director, has made no secret of his desire to complete the rationalisation of the UK defence sector.

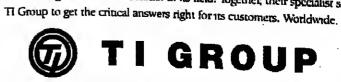
Additional Lex Comment, Page 20



Five million UK asthma sufferers count on pharmaceutical inhalers to deliver precise drug doses that relieve their symptoms. So news that CFC propellants used by such inhalers would be phased out caused a sharp intake of breath, particularly since conventional seals were not suitable for the replacement propellants.

Help came from John Crane Polymer Engineering, the leading developer of inhaler seals. Their new rubber formulation for the seals ensured the integrity of the aerosol measuring chamber and the valve transmission process - no matter which replacement propellant was used - without affecting drug stability and performance.

Thanks to John Crane, asthmatics can breathe a sigh of relief. John Crane is one of TI Group's three specialised engineering businesses, the others being Bundy and Dowty. Each one is a technological and market leader in its field. Together, their specialist skills enable



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#### **FINANCIAL TIMES**

# **COMPANIES & MARKETS**

**OTHE FINANCIAL TIMES LIMITED 1995** 

Wednesday January 18 1995



#### IN BRIEF

#### **Kmart chairman** stripped of post

Kmart, the troubled US discount retailer, has stripped Mr Joseph Antonini of the charmanship in an effort to strengthen its board. Page 18

Great opposition to Saatchi return Sir Peter Walters, the former BP chairman appointed to the board of Saatchi & Saatchi by Mr Maurice Saatchi, said he "could not conceive" of Mr Saatchi rejoining the advertising group's board. A proposal for a rapprochement was unworkable because shareholders and employees were over-whelmingly opposed to Mr Saatchi rejoining. Page 19

'Satisfactory' take-off for Thai airline The president of Thai International Airways, Mr Thancon Wanglee, wants to make his airling the region's leading carrier. He describes the 206 per cent rise in net profits in 1994 as "quite satisfactory". Page 17

Daf bondholders issue writs Disgruntled bondbolders in Daf, the Dutch truckmaker that went into receivership in 1993, have issued writs against the company's 11 bank creditors, charging that they should be allowed to share in the money the banks have secured from the com-

Loral cheered by third quarter Loral, the US defence company, produced better than expected third-quarter figures, with net income up 25 per cent to \$71m. Nine-month net income for the first nine months was up 35 per cent. in line with the company's earlier forecast of at least 20 per cent growth for the full year.

Osram close to east Europe move Osram, one of the world's biggest lighting producers, is close to a decision on setting up its first manufacturing plant in eastern Europe. Page 16

Nine line up for stake in Buff Nine companies are in the running to take stakes in Groupe Bull, the French computer company, including five which are planning to hold more than 10 per cent of the shares in its privatisation. Page 17

BPB to buy Spanish plasterboard plant BPB industries, Europe's biggest plasterboard pro-ducer, is to spend Pta3.3bn (\$25m) over five years to acquire one of only three plasterboard manufacturing plants in Spain. It is buying a plant at Zaragoza from Espanola de Placas de Yeso (Epysa). Page 20

Profits up for new-look First Choice First Choice Holidays, the UK company, lifted pretax profits from a restated £3.4m to £16.3m (\$25.4m) for the year to the end of October. The figures were in line with expectations, and the share price remained steady at 117p. Page 20

December trade lifts Tesco Tesco, the UK's second largest supermarket chain, enjoyed an improvement in December trade which was towards the higher end of forecasts and put the company back on course to meet year end profit forecasts. Page 20

Companies In	this is	sue .	
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■ Net profit up 53.7% ■ Group turnover up 19.7% ■ Vehicles sales up 11.6%

# Chrysler profits hit record of \$3.7bn

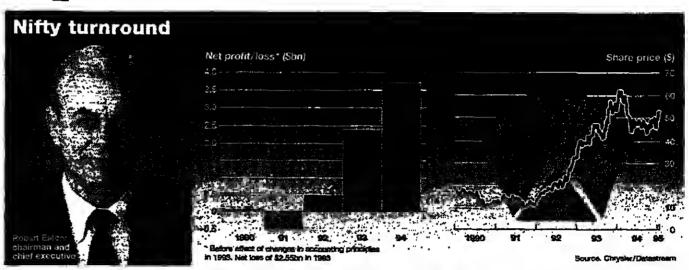
By Kevin Done, Motor Industry Correspondent

Chrysler, the US carmaker. increased its net profits by 53.7 per cent last year to a record \$3.71bn.

The group, the smallest but most profitable of the big three US carmakers, also achieved record turnover and sales volumes helped by the strongest US new vehicle market for six years. Mr Robert Eaton, chairman and chief executive, said that the group had maximised its capacity ntilisation, reduced incentive costs and had improved margins. Chrysler, which was close to

financial collapse at the begin-ning of the 1990s, has achieved a financial turnround from a net loss of \$588m in 1991. It has now fully funded its pen-

sion fund for the first time since 1957 with a payment of \$2.6m in 1994 eliminating the \$4.4m pen-sion liability it faced in 1991. It will make record profit sharing payments to its workforce next month averaging around two months of gross pay, and has reached its goal two years ahead of target of creating \$7.500 of liq-uid assets in preparation for the next downturn in the automotive



Mr Eaton said that the group was seeking to become "the premier anto company in the world' by the end of the decade. He forecast that "the US economy will remain strong and we expect the automotive market to continue to prosper for the near term".

Chrysler's net profit rose last year to \$3.71bn from \$2.41bn in 1993 before accounting changes. These changes created a net of loss of \$2.55bn in 1993 following a \$4.96hn charge for retiree health care and and post-employment

Chrysler said that group turnover rose 19.7 per cent to a record \$52.2bn, from \$43.6bn, while its worldwide factory vehicle sales increased 11.6 per cent to 2,762,103 from 2,475,738 in 1993.

Net profits in the fourth quarter jumped 50 per cent to a record \$1.16bn from \$777m a year ago, exceeding the previous record for

any quarter of \$956m achieved in the second quarter of 1994.

Included in the fourth quarter net earnings were tax gains of \$132m relating to research and development tax credits and the carry-forward of previously unrecognised net operating losses. Earnings per share in the final quarter rose to \$2.86 from \$1.91 a year ago.

Chrysler has doubled its dividend payment for the final quarter to \$0.40 from \$0.20, while the dividend for the full year bas risen to \$1.10 from \$0.65.

Chrysler's automotive operations increased the net profit per vehicle last year to \$1,230 from \$820. The group cut its retail incentive payments to \$570 per vehicle from \$870.

The share of low-profit vehicle sales made to big fleet operators was cut to 16 per cent of the total last year from 18 per cent in 1993.

much of the loss coming from the

Jetstream 61. It is not known

how much it would cost BAe to

close the Jetstream 61 production

The venture should help ration-

alise the battered regional air-

craft market, which has been

plagued by overcapacity and

weak sales through the commer-

cial aircraft recession.

With BAe and ATR no longer

competing against each other,

However, even within Europe,

Fokker, which is controlled by

Daimler Benz Aerospace, and

Saab of Sweden will still be com-

peting in the 70-110 seat market.

If the partners are eventually

tial new venture, already being

successful, however, the poten-

dubbed "Minibus", could be a

useful complement to Airbus.

Common cockpits could be installed for the two groups, one

operating in the 20-110 seat mar-

ket and the other in the 120-350

leasing rates may improve.

likely.

seat area. Lex, Page 14

## EdF and **Edison link** for Italian venture

By Andrew Hill in Milan

Electricité de France (EdF), the French state-owned electricity company, has linked with Edison, the quoted energy subsid-iary of Italy's Montedison group, for its first direct investment in Italy, as the country's electricity sector opens up to competition. Edison and EdF International

are to buy 74 per cent of liva Servizi Energie (ISE), the electricity generatinn arm of the state-owned Ilva steel group, for 370bn (\$231m). The price will be confirmed when the contract has been formally agreed.

The alliance could be a first

step towards further investments in Italy's electricity sector by EdF and Edison, although both companies said there were no immediate plans for future col-laboration. Edison will hold 60 per cent of the controlling stake, and EdF the balance, subject to certain conditions, including approval of anti-trust antbnri-

Enel, one of the world's largest electricity companies, is due to be privatised later this year. Under plans announced last year, it will have to sell off an unspecified share of its production capacity within three years nf stock market fintation to reduce its dominant position in the Italian market.

Only 20 per cent of electricity roduction in Italy is accounted for by private producers or generators owned by local authorities. Edison is the biggest of these private producers, and a front-runner to bny part of Enel's production capacity.

The sale of ISE is part of the

break-up and privatisation of the Ilva group. The outstanding 26 per cent stake will belong to the eventual buyer of Ilva Laminati Piani, the flat steels business which is one of ISE's main cli-

ISE generates 600MW of electricity from four power stations. Construction of another thermoelectric power station, generating 500MW, is also under way. **EdF** already has investments

and Spain, but its involvement in Italy has been limited to co-operation agreements between Enel and EdF engineers, and the

Edison said it would use pro-ceeds from the planned sale of its 50 per cent stake in Monte-Shell, a petroleum joint venture with Royal Dutch Shell, to help pay for the ISE holding.

# Chemical and Chase take big

bond market loss

By Richard Waters in New York

The collapse of the Mexican peso and general decline in emerging country debt markets in the last 10 days of 1994 led to bond trading losses at Chemical Banking and Chase Manhattan, according

to figures released yesterday.
The banks' losses in the final days of December rounded off a devastating year for institutions which are active traders in the financial markets.

The weak trading performance caused Chase and Chemical to fall short of market expectations with fourth-quarter earnings eported yesterday. Chase said it had lost \$34m in the final three months in its trading account, while Chemical said it had taken a hit of \$24m in the debt markets. Chemical had already announced a further \$70m loss due to unauthorised speculation in the peso by one of its foreign

Chase also hinted at growing redit problems in the deriva-

hig US bank has singled out market defaults as a reason for

It said its income had been affected in part by "the failure by a few counterparties [in derivative transactions) to fully per-form on their obligations. It refused to comment on the scale of the losses.

The poor final three mouths rounded off a year which had begun with big bond market losses for most banks in US and European markets. Earnings at NationsBank, the

largest US regional banking gronp, were also weaker than expected, as its trading income for the quarter fell to \$36m, from \$66m. The bank said it had been hit by general weakness in finan-

Despite this, a general improvement in credit quality and a sharp apturn in lending belped several big banks to report stronger earnings. Details, Page 18; Lex, Page 14

# BAe set to enter regional aircraft marketing deal

By Bernard Gray, Defence

British Aerospace is finalising a deal with the Franco-Italian aircraft group ATR to merge the two companies' regional aircraft businesses. The new company would be a joint venture with esch of the partners, BAe and ATR's two parents Aérospatiale and Alenia, each holding a third of shares. A deal could be agreed as early as next week.

Initially the companies are likely to form a marketing venture, pooling their sales and sup-port operations but with each of the parent companies retaining its own manufacturing plants. The deal should belp cap the heavy losses BAe and ATR have experienced in the regional aircraft market.

BAe is likely to close its Jetstream 61 manufacturing line in Scotland, incurring redundancy and other closure costs as a result of the marketing venture. The Jetstream 61 has been in direct competition with the ATR 72 in the 70-seat regional aircraft market and both aircraft have

been besvily lossmaking in £200m (\$234m-\$312m) a year, with recent years.

BAe is also likely to put its

Avro regional jet operation into the joint venture, giving the new company a complete range of turbo-prop and jet aircraft ranging between 20 and 115 seats. Two years ago BAe had extensive but unsuccessful negotiations with Taiwan Aerospace about a joint venture with the Avro business. Costs of establishing the mar-keting joint venture should be modest, as no assets or operations are likely to change

hands. If successful, the partners may move on to closer co-operation within two years. Final assembly of aircraft could may be designed jointly. That would make the venture similar to the Airbus consortium, with

each of the partners contributing large aero-structures to a common final assembly line. BAe does not break down the financial performance of its commercial aircraft businesses, but industry sources say that the

regional aircraft operation has been losing between £150m and

Foreign & Colonial Private Equity Partners £75,000,000

Funding committed to the private equity investment programme of

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# **Barry Riley**

# A harder way of beating the Dow



The day of the inflation beating investment strategy has run out, dent US money manager Michael O'Higgins. We

O'Higgins made his name by devising a simple rotational investment formula based on the 30 constituent stocks of the Dow Jones Industrial Average. The idea, promoted in a best-selling book called Beating the Dow, is that the highest yielding stocks are likely to outperform the average each year. The strategy worked yet again in 1994, and the FT has found that the approach generally succeeds with the FT 30-Share Index constituents too.

But O'Higgins is not himself a fan of industrial blue chips. He believes the resurgent Dow, now only about 1 per cent short of its year-old all-time high, will never get beyond about 4,000 this century. The best deflation hedges he can think of are stripped Treasuries, which will produce high returns in the next few years as bond yields fall a long way.

O'Higgins believes in investment income and in History, with a capital H. That is the link with his strategy for beating the

That was a one-year approach. but now he is looking at long-term market patterns, especially for yields. The stock market, he says, performs really well in only one decade out of three. After the booming 1980s we have to be prepared for 20 quite lean

History says that dividend

roughly between 3 and 6 per cent. They are now at the expensive end of the range. History, or at least the O'Higgins interpretation of it, also says that real Treasury bond yields tend to return to around 2 per cent whereas long bonds now offer a real yield of 5.1 per cent on the basis of last vear's inflation rate (the lowest for 25 years and even so distorted upwards, some argue, by statistical errors). So bonds are very

according to O'Higgins, bonds

It is certainly worth thinking about the possibility that the global economic recovery will fizzle out

may be yielding only 4 per cent nominal, and his minimum target for equity yields is 4.1 per cent which would take the Dow down to 2,700 or worse.

He is not alone in questioning the inflation phobia which grips many investors and central bankers. Commodity prices have been rising, with Monday's UK index for manufacturers' input prices showing an annual 8.3 per cent increase. However, that mostly reflects only a shift in the balance of power between primary producers and manufacturers.

As the monetarist economist Tim Congdon points out in the latest Gerrord & Notional yields on US stocks fluctuate Review, monetary growth aver-

aged across the G7 countries has remained at about 4 per cent, barely enough to finance trend Germany has got a grip on M3

at last, and there is only the risk that Italy might not be able to sell and roll over public sector debt at the rate of 5 per cent of GDP every month. If it could not, money supply and inflation would explode – but that would be a local problem. It is certainly worth thinking about the possibility that the

global economic recovery will fizzle out because of excessive indebtedness in several countries, high real interest rates and weak monetary growth. That would be good for bonds. But most rich investors have got that way because they bave found that when bonds go up stocks go up faster. The complication this time, perhaps, is that dividend yields are currently exceptionally low because expectations of divi dend growth are high. Those hopes would not survive defla-

History needs interpretation, however. The pattern of bond yields when currencies were pegged to gold is unlikely to be repeated when they are floating. A modern welfare state, even one as parsimonious as in the US, faces severe fiscal problems in recessions. It may even feel obliged to ball out troubled neighbours, such as Mexico. As the inflation problem fades, a debt problem takes its place.

O'Higgins's hoard of zero coupon bonds represents essentially a gamble on regression to the mean; that historical numbers will eventually repeat themselves. But this is a brave man's way of beating the Dow.

# Osram considers east Europe plant

By Andrew Baxter in London

Osram, one of the world's biggest lighting producers, is close to a decision on setting up its first manufacturing plant in eastern Europe.

The move would be an important step for Osram, a unit of Siemens, the German electrical and electronics group. It would follow similar mvestments in eastern Europe by Osram's big two global competitors, General Electric of the US and Philips of the Nether-

Dr Wolf-Dieter Bopst, Osram management board chairman, said that decisions on a joint venture with a lamp manufacturer in the Czech Republic or Poland, or on a greenfield site. were under review. A decision is expected soon, so that work can begin this year.

**GAN** expects

deficit of more

than FFr1.7bn

Groupe des Assurance Nationales (GAN), the state-

controlled French insurance

company, is likely to report

losses of more than FFr1.7bn

(\$327m) for 1994, the chairman

Speaking in Strasbourg. Mr

Jean Jacques Bonnaud said the

group's accounts would show a

beavy deficit for the second

half of the year, and said it

needed a capital injection of at

least FFr3bn in advance of its

He was speaking ahead of a

report on full-year results.

unlikely to be published for

many weeks, and stressed that

it was too early to make an

accurate projection of the fig-

However, he said the second-

half results would be "of the

same order, perbaps worse" than for the first half of last

year, when the group reported

The figures, which reflect

losses of FFr846m.

By Andrew Jack

warned yesterday.

Osram has been in negotia-tions with Tesla, a Czech lamp maker, but the German company said talks were "continuing to mark time". To avoid further delay it is considering alternative solutions.

Dr Bopst said Osram needed a manufacturing plant in a low wage country so that it could expand into low production volume lamps which required high labour content, and could therefore not be produced economically in Germany.

He said an east European plant would not lead to closures of Osram's factories in the UK, Germany or Italy. Dr Bopst was speaking

before yesterday's annual Osram press conference, at which be signalled a new phase of expansion into southeast Asia and eastern Europe. He said Osram hoped to have

its first lighting factory in China running soon, as part of a recently announced joint venture in Guangdong province. If demand in China rose sufficiently, a second plant could be built within the joint venture, Osram Foshan Light-

An Indian joint venture making compact fluorescent lights is being expanded, and Osram is in talks on a joint venture with a Vletnamese lighting manufacturer. It is also looking for a partnership in

Osram's position in the world lighting market was chase of the Sylvania North American lighting business from GTE of the US. According to Osram, this put it into sec-(\$14bn) world lighting market,

slightly ahead of GE but just

Dr Bopst said beavy restructuring had been necessary at formerly loss-making Sylvania. along with plant closures in Europe and increased productivity throughout the company. to maintain Osram's return on

Siemens said late last year that the lighting company had 1993-94 pre-tax profits of DM291m, on sales of DM5.4bn up sharply from DM3bn because of the consolidation of the Sylvania business.

Dr Bopst said profits this year were sure to match last year's, in spite of continuing price pressures. European lighting markets were recovering slowly, apart from Ger-many - although he expected some recovery in the bome

# AGF sale may wait for election

By Andrew Jack in Paris

The French govarnment is unlikely to sell its shares in Assurances Générales de Paris, the insurance group, until after the presidential election, the company indicated yester-

day.
Mr Antoine Jeancourt-Galignani. AGF's chairman, told a French newspaper that be believed "it was more realistic to aim for a horizon of some months," before privatisation took place.

His views appeared to contradict his position a few days hefore, and suggest he has been given indications by the government that the sale of its

57 per cent stake must wait until after the election to find a successor for President Francois Mitterand, in April and May.
Mr Jeancourt-Galignani

stressed the decision rested with the French ministry of economics, which has refused to give a timetable for privati-sations. Ministers have stressed the timing would depend on market conditions. However, the government

last week called for bids from investors interested in becoming core shareholders to take one-quartar of the shares in Seita, the tobacco monopoly. This finally placed Seita ahead of AGF in the preparation for privatisation, suggesting the tobacco company was likely to be sold first.

AGF has been considered ready for privatisation since early last year, but the process has been repeatedly delayed, partly due to a FFr7bn (\$1.3bn) rescue package put in place in December for Comptoir des Entrepreneurs, the loss-making property company which AGF now controls.

Mr Jeancourt-Galignani cited the recent financial crisis in Mexico and the state of the US economy as among the factors that might determine the timing for the sale of the company's remaining state-beld

# Belgian region rejects TV bid

Belgium's Flanders region yesterday rejected an attempt by a London-based company to launch a Dutch-language tele-vision channel in Belgium on the grounds that it was trying to evade local rules on broadcasting, Reuter reports from

the group's beavy exposure to Scandinavian Broadcasting the depressed French property market and a worsening claims System (SBS), a US-Scandinarecord for accident insurance vian television group, said in August that It planned to launch its VT4 channel for cover, could further delay the government's plans to privatise the group. The sale of the Dutch speakers in Europe, and state's shares is not likely to set February 1 for its starting take place for many months.

Mr Hugo Weckx, Flanders' culture minister, said that only one non-publicly owned broadcaster was allowed in Belgium's northern Dutch speaking region.

The channel was in effect a Flemish hroadcaster, even though its operator was London-based, Mr Weckx said. VT4 is a Flemish broadcaster which took up residence in another [EU] member state in order to circumvent legisla-

tion applicable to Flemish broadcasters," he said. "This boils down to an evasion of the 1987 law, which says only one non-public broadcaster aimed at the Flemish community can be recognised. This is VTM, which was recognised seven years ago."

Under Belgium's federal system, the French and Dutch language communities are responsible for broadcasting in their

respective regions.

Mr Carlo Gepts, VT4's managing director, said the company would take legal action to launch the channel on the scheduled date.

# issue writs against 11 Daf banks

By Ronald van de Krol in Amsterdam

Disgruntled bondbolders in Daf, the Dutch truckmaker that went into receivership in 1993, have issued writs against the company's 11 bank creditors, charging that they should be allowed to share in the money the banks bave secured from the company.

The bondbolders, who invested in a F1150m bond issue by Daf NV in 1988, are seeking their money back, with interests and costs, taking the total damages they claim to Fl 165m (\$96.3m).

In the writs, served on banks in the Netherlands, the UK and Belgium in late December, the Daf bondholders' committee argues that bondholders should have ranked pari passu, or equal, to Daf's main bank creditors. The bank creditors to Daf -

which include ABN Amro of the Netherlands and the UK banks Barclays, Lloyds and National Westminster - have heen reimbursed nearly the entire Fl 889m they were owed by the company.

The bondholders said that if

they were not accorded equal treatment with the bank creditors, they would seek damages from ABN Amro, the lead underwriter of the 1988 issue, for what they argue was a misleading prospectus.

Daf was rescned from collapse by the Dutch and Bel-gian governments in 1993 and bas continued in slimmeddown form as Daf Trucks. Last week. Daf Trucks announced a provisional 1994 net profit of more than Fl 120m.

The bondholders' committee said bood investors were led to believe in 1988 that they would be given equal treat-ment if Daf NV, a bolding company, provided security to any future lenders. In the event, Dar's operating subsidiaries provided security when the company borrowed money from its banks during a restructuring in 1992.

ABN Amro has argued that the prospectus was clear on the matter of equal treatment. The court case is expected in November.

# Bondholders | Nordic venture-acquires a taste for Baltic brewers

odka usually comes before beer east of the Oder, but a Nordic consortium has turned the tables. using breweries to gain a toehold in the large northern European market opened up by

the Soviet Union's collapse. Since 1991, Baltic Beverages Holding (BBH), equally owned by the brewers Hartwell of Finland and Pripps of Sweden, has acquired controlling stakes in the main local hreweries in the St Petersburg area, Estonia, Latvia and Lithuania - which have a combined population of

14m. Rather than huild new factories, the Stockholm-based group has invested in existing but struggling breweries, either through privatisation or joint-ventures.

"We did our homework." says Mr Paul Berqvist, chairman and chief executive officer at Pripps, Sweden's largest beer producer with SKr4.176bn (\$557m) total revenues last year. "We have rather rapidly built up a brewing group and bave done so with local man-

All four breweries are profitable, with combined sales of \$34m in the year to Septem-

The Kalnapilis plant in Lithuania is the country's third largest, producing 40m litres annually and claiming a 15 per cent market share. The other three breweries are market

The largest operation, Baltika Brewery in St Petershurg, acquired in 1993, is perhaps Russia's best-known brewery.

res, with \$13m sales up to September last year. It is St Petersburg's biggest tax payer, managing to turn in a profit in spite of 60 per cent excise duty, a profit tax and additional VAT

on the beer. BBH also uses the St Petersburg plant to bottle Coca-Cola. In Estonia, Saku Brewery has tried to revive a ternished brand name. Beer consumption, never high in the former Soviet republic, has fallen in the past few years. A faltering economy was partly at fault, as was poor local beer.

r Anders Erm, a vice-president at Saku, located just outside Tallinn, Estonia's capital, says BBH acquired the hrewery for SKr60m and invested \$12m in new equip-

ment and retraining.
"We now make western quality beer," said Mr Erm, "although the quality still fluctuates because of variations in raw material supplies."

Taking advantage of the Baltic free-trade agreement, the Estonian brewer exports to Lithuania, although trada with Russia is hindered by high

Saku, with \$8m in sales up to September, has a 53 per cent share of Estonia's beer market. Estonia has a mere 1.5m people consuming nn average just over 30 litres a head, compared with 90 litres in Finland. BBH hopes that rekindling ties with Nordic countries will increase consumption.

Foreign investment in Estonia has heen doubling every six months and similar

growth is evident in Latvis and Lithuania.

The BBH venture highlights the attraction of the Baltics' food and drinks sector to western companies.

For example, Kraft Jacobs Suchard, part of Philip Marris of the US, last year bought the Kannas Confectionery Factory in Lithuania and Kellogg's, the US cereals group, acquired a cereal factory outside Riga in Latvia for \$20m to serve the Baltic market. Mr Arho Anttila, an analysi

in Tallinn, cites twn factors. First, the Baltics have a consumer market large enough to make investment worthwhile. especially given the region's strong economic turnround relative to Russia and other for-

mer Soviet republics.
Second, as mandated by
Moscow, the Baltics were a food processing rather than a heavily industrialised region with relatively good infrastruc-

So plants, if upgraded with western capital, can service not only local markets but also Russia and neighbouring Bela-

Lithuania late last year moved to curtail alcohol imports and crack down on smuggling. Estonia remains the most open while Saku is concerned that western competition may undercut thair The Swedish partners are

less worried. "There il always be a market for local breweries," says Mr Bergvist.

Matthew Kaminski

## Uni sells remaining Vard shares

Uni Storehrand, Norway's biggest insurer, yesterday dis-posed of its remaining 2m shares in Vard, the troubled Norwegian cruise group, for NKr7.50 each, a record low price for the shares.

Uni has been selling its investment in Vard for the past past two months, after being one of its biggest share-

Vard's shares dropped NKr4 to close at NKr8, reflecting

loan which the group put together last Friday would put an end to its financial woes. Just one year ago the shares traded at more than NKr50. Domestic analysts said while

they were impressed that Vard managed to secure the loan, most of it would be used to repay \$59m in debt. Little had been done to improve the com-pany's underlying weak financial structure, they said.

There is consensus among Oslo analysts that Vard needs

to find an institutional investor willing to pump cash into the group to improve its finan-cial flexibility and competitive-

Alternatively, Vard will aventually have to find another company, with a strong balance sheet, with which it can marge. Of the \$62m loan, \$22m

matures on June 15 and the balance on January 13 1996. Vard estimates its consolidated pre-tax income for 1994 will be Nkr376m (356.1m).

CITIBANCO

CI SERVE

GOLD THEDS O'S O FIE ABUCATIVITED CONSOLIDATED INCOME STATEMENT CONSOLIDATED months ended 51 Dec 1993 Rm Mineral properties ....
Loans advanced ....... 696 516 180 L29 687 497 Expenditure and amounts written off III 775 3 174 1 068 1 905 126 13 43 2640 61 6 19 Administration, technical and general .. 1 070 1 343 2973 2415 127 145 379 100 3 174 2 640 (15) Profit attributable to ordinary 2215 1 336 184 1 565 132 Lich 570 210 203 1,8 137 - per ordinary share - cents. - absorbing · Rm ......... - times covered...... Number of ordinary shares in usaue...... 96 662 115 96 521 277 90 54 613 \*Unaudited Unaudited ngs improved by 35 per cent as a result of improved dividend receipts from gold mines and the resumption of dividend payments by Black Mountain tent Company (Proprietary) Limited. Final dividend No. 93 of 140 cents per ordinary share in respect of the year ended 30 June 1994, absorbing R135m, was declared on 16 August 1994 and paid on 21 September 1994. Dividend No. 21 of 145 cents per preference share in respect of the six months ended 51 December 1994, absorbing Róm, was declared on 15 December 1994 and is parable on 25 January 1995 Prospects
The consolidated net earnings for the second half of the financial year are anticipated to show a modest increase over the consolidated net earnings for the six mouth reported period. The extent of the increase will largely be dependent on earnings from investments in the Group's gold mining companies and the rand/dollar eachange rate. Northum Platinum Limited need us uncertion to proceed with a tights offer in this approximately R500 million. This company is fully committed to Northam's future Gold Fields Ghana Limited
Gold Fields Ghana's most advanced exploration projects on the Tarkwa concession area continue to yield positive results for three priority areas

The indicated resources for the various conglomerate zones in the two areas, Akontanas East and Mantzaim, which are contiguous with the Pepe block, are estimated at 0,8 million ounces with an additional 1,8 million ounces of inferred resources. These are based on drilling results over a 200 metre gold and infall drilling and analysis is in progress to bring these estimates to the confidence level of measured resources. The upper conglomerate zones above the A zone in the Pepe area are now estimated to contain an indicated resource of 0,8 million ounces which is in addition to the previously amounted measured resource of 2,1 million ounces for the A zone. The independent consulting firm Steffen, Robertson and Kirsten has been commissioned to do a pre-fersibility study for a surface mining project over these three areas. The first phase of this study will concentrate on the potential for heap leach processing and the maximum achievable mining rates given the geometry of the deposits and custing surface infrastructure on sections of the Manufairm area.

DECLARATION OF INTERIM DIVIDEND

Dividend No. 94 of 80 cents per ordinary share has been declared in South African currency, psyable to merabers registered in the books of the company at the close of business on 3 February 1945. Warrants payable on 1 March 1995 will be posted to members on 28 February 1995.

The standard conditions relating to the payment of dividends are obtainable from the share transfer offices of the compa The register of members will be closed from 4 to 10 February 1995, inclusive.

Registered and Head Office. 75 Fox Street Johannesburg 2001

17 January 1995

Leaden Office and Office of United Kingdom Registraria London SW1P 1DH

On behalf of the barnh: R A Plumbradge (Chairman) A ) Wright (Deputy Chairman)

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#### INTERNATIONAL COMPANIES AND FINANCE

# Nine groups in running for stakes in Bull

Nine companies are in the running to take stakes in Groupe Bull, the French computer company, including five which are planning to hold more than 10 per cent of the shares in its privatisation, officials indicated yesterday.

Tha candidates, which include French, US and Asian electronics and telecoms groups, are studying Bull's financial situation and market prospects before deciding on whether to make binding offers. The French government is aiming to determine the composition of the company's

**AEG** to set

up joint

future shareholding structure before the end of February. Officials in the French government and at Bull declined to comment on the potential candidates. However, they expressed satisfaction with the response and claimed it gave them room to manoeuvre in reducing the state's 76 per cent

stake in the company. NEC, the Japanese electronics group which already holds 3.7 per cent of Bull's shares and co-operates in the development of mainframe computers, has given the clearest signal of its intention to raise its invest-

Yesterday, lt confirmed it

tional is catching up with the hest of Asia's airlines, such as Singapore International Airways and

Cathay Pacific, but some doubt

Mr Thamnoon Wanglee, Thai's president, who wants to

make Thai the region's leading

carrier, describes the 206 per

cent rise in net profits in fiscal

the next two years."

The state-owned carrier was

By Michael Lindemann in Bonn

Mannesmann Demag, the plant

and machinery division of the

German engineering and tele-communications group, yester-day bought the turbo-machin-

ery businesses of Imo Industries of the US. The deal,

worth \$124m, will create one of

the world's largest suppliers of

The new business will be

alled Demag Delaval Turbom-

The merged operation will

make turbo-compressors,

process compressors,

achinery.

that the pace is fast enough.

shareholding, but declined to comment on expectations that it sought more than 10 per cent of the French group's shares.

Other candidates seeking a stake of at least 10 per cent include Motorola of the US. IPC of Singapore, and Dassault, the French aerospace and electronics group. Quadral of France and AT&T are thought to have made a joint offer for more than 40 per cent of Bull's shares.

The latter proposal is the most sensitive and has drawn resistance from Bull's existing management, which favours a solution without a single domi-

Cegelec and Take-off trouble at Thai Airways

hai Airways Interna Thai Airways International

Net profit (baht bn)

had applied to increase its nant shareholder. The joint offer is thought to be aimed at steering Bull towards information services activities and pro-viding access for AT&T to the French telecoms market.

NEC is keen to expand its co-operation with Bull in mainframes and to use the European distribution network of the French company. The latter consideration is also a motive for IPC's interest.

As for Motorola, the US group has a strategic interest in teaming with Bull in its battle against Intel in the microprocessor market. It already has an alliance with Bull in Unix network systems and pro-

Share price relative to the Bangkok SET index

1993

94

Source: HG Asia & FT Graphite

to build up a power base in the

Thai's aircraft purchases

were skewed by commission payments: the fleet began to

look like a sales catalogue,

with 14 types of aircraft and

Thai was also forced in 1988

to absorb the loss-making

domestic airline Thai Airways

Co. which was subsequently

stripped of many profitable

routes by newly-created local

airlines with strong military

military coup in 1992, and That's senior managers regained a grip on the com-

pany. Without their backers, the domestic "independents" quickly faded and it now

appears that a revamped

owever, the air force's

influence declined

sharply after the failed

and poblical connections.

three engine makes.

95

vides the French group with Potential candidates for

smaller stakes in Bull include IBM, which holds 2.1 per cent of its shares and may raise this to about 5 per cent. A management group from within the company is also planning to take a stake, as is an umnamed financial institution.

The offers, if confirmed, will be evaluated by the privatisation commission, an independent body which advises the government on the sale of public sector assets. Officials say several of the offers could be combined, providing a rela-

pore Airlines and Cathay

Pacific, although this may

partly be explained by the bur-

Fierce fare competition in

the region caused yields to slip

4 per cent to about Bt15.8 per

revenue tonne km in fiscal 1994. The load factor - the air-

line measure of capacity filled

- climbed 3.4 per cent to 69.2 per cent, although the com-

pany said this will slip one or

two percentage points next year when it takes delivery of

Fiercely independent, Thai

refused to join the frequent flier scheme of its three

regional rivals, Cathay, Singa-

Its new co-operation agree-ment with Lufthansa of Ger-many and United Airlines of

the US should enable it to capi-

talise on a global public image

which remains that of a qual-

awkwardly spread: the finance ministry still holds the state's

93 per cent stake, but lost for-

mal oversight responsibilities

to a jealous transport ministry in 1993. As Mr Thamnoon

knows - after 25 years with Thai - the organisation

Mr Imtiaz Muqbil, executive

editor of Travel Impact who

follows Thai closely, said: "Mr

Thamnoon has a very shrewd and intelligent head on his

shoulders but if be takes on

any of the heavyweight charac-ters [with an Interest in Thai]

which would set the airline

Mr Thamnoon appears to

agree: "We have been doing

things for 34 years without real

it could cost him his job

remains riven with factions.

Yet control of Thai remains

six new aircraft.

pore and Malaysian.

ity carrier.

den of the domestic service.

#### Ballarpur has five mills with an annual capacity of 275,000 tons and an 11 per cent share of the Indian market. The Delhi-based

company is part of the Thapar group. Mr Lars-Ake Helgesson, Stora president, said the agreement was "well in line with Stora's interest in increasing its activities in the expanding Asian markets".

**NEWS DIGEST** 

product quality.

Co-operation

deal gives Stora

foothold in India

Stora, one of Europe's largest pulp and paper

groups, has signed a technology co-operation

agreement with Ballarpur Industries, India's

piggest paper manufacturer, writes Christo-

pher Brown-Humes in Stockholm. The move gives the Swedish group a footbold in the fast-growing Indian market, while belying Bal-

The initial focus of the collaboration will be on fine papers and packaging board, where both companies have a strong presence in their respective markets.

India's paper demand is expected to grow at to 8 per cent annually as its economy develops. There is also expected to be a trend towards bigher quality paper grades as imports and competition increase.

#### Luxair 'not interested' in closer Sabena links

Luxair, the Luxembourg airline, is not interested in closer links with Sabena, Belgium's national airline, AP-DJ reports from Brussels. Instead, Luxair's board is more interested in "intensifying" co-operation with Germany's Lufthansa, which bolds a minority stake in Luxair, according to Belga, the Belgian news

Sabena said last week it was in talks about a possible link with Luxair, But Luxair's board has since decided not to pursue links with

The two airlines already co-operate in a range of areas, such as fleet maintenance and pilot certification.

#### Gaz de France plans foreign investments

Gaz de France, the French state gas utility, plans heavy new investments in foreign activities, Renter reports from Paris.

"Our aim is to raise the proportion of our international activities, which is around 6 per cent at the moment, to 20 per cent of our turnover in three years," said the company's chairman, Mr Loik Le Flocb-Prigent.

Mr Le Floch-Prigent also said parliament might choose to amend Gaz de France's statutes next year - when the 50th anniversary of its nationalisation will require new legislation – and make it a joint stock company.

#### American Barrick announces name change

American Barrick, the Toronto-based gold producer, has changed its name to Barrick Gold Corporation, writes Bernard Simon in

Toronto. Barrick has become increasingly active in Latin America and Asia, to the point where it is the biggest gold producer outside South Africa with 1995 output from its 11 mines

expected to reach about 3m ozs. The name change reflects "its new status as a major international gold producer," the company said. Barrick's shares are traded on the New York, London and Toronto stock exchanges, among others. Its ticker symbol, ABX, will remain unchanged.

#### Australian stockbroker agrees to merger

Australia's only listed stockbroker, McIntosh Securities, said it had agreed to merge its wbolly-owned Roach McIntosh with privatelyowned broker McKinley Wilson, writes Emilia Tagaza in Melbourne. McIntosh is 20 per cent

owned by Baring Securities.

McIntosh has identified private client business as a rapid growth area, and accelerated lts expansion during the last six months. In September last year, it bought the 49 per cent of Roach McIntosh it did not already own for

more than AS6m (US\$4.5m), and in November opened a Perth office to support its Melbourne and Sydney operations.

Mr Clark Morgan, managing director of Roach McIntosh, said the new arrangement with McKinley Wilson was a quick way of expanding the operation without having to buy into the business. He said most of McKinley's client advisers were expected to move across to Roach McIntosh.

#### Ascom parent in joint venture with Ericsson

larpur to expand its activities and improve Ascom Holding, the parent of Ascom, the trou-bled Swiss telecommunications group, said yesterday it had completed negotiations with Ericsson Telecom of Sweden for the creation of a joint venture company in the field of public switching, AP-DJ reports from Zurich. Ascom said the joint-venture company would be 60 per cent owned by Ericsson and 40

#### Khashoggi to buy 10% of Thai cement group



the Paris-based Saudi businessman and arms dealer, said be would buy a 10 per cent stake in Thailand's Jalaprathan Cement Renter reports from Bangkok. Mr Khashoggi (left) told the Tbai securities Exchange be planned to buy of 4,941,437 Jalaprathan sbares at Bt200 each. He leads a group of investors which is seeking to

acquire a 40 per cent stake in Semicouductor Ventures international an exchange official

As the number of SVI shares the group is seeking is more than 25 per cent of the company's registered capital, the group has to file a tender offer application to buy additional shares from the public between February 6 and February 20, the official said.

Last October, Morakot Industries, an edible oils producer, told the Stock Exchange of Thailand that it planned to sell Mr Khasboggl 47.24 per cent of the company's shares, worth more than Btl.3bn (\$51.9m), Mr Khashoggi has yet to inform the SEC of his intention to buy the Morakot stake, the SEC official said.

#### Stone Container plans increase in pulp price

Stone Container, the Chicago-based parent of Stone-Consolidated in Canada, has told customers it plans to raise the posted price for Northern Bleached kraft pulp used in most paper-making by US\$70 a toune, or 9 per cent, from the US\$750 that became general in North America on January 1, writes Robert Gibbens in Montreel in Montreal.

Strikes in British Columbia have shut down about Imtonnes yearly of market pulp capacity, putting severe downward pressure on stocks. Stone have led recent pulp and newsprint price increases, but analysts were uncertain whether the new increase would be followed by other producers.

#### Loblaw in US sale

Loblaw, Canada's biggest food distributor, is selling its US supermarket operation, National Tea in St Louis and New Orleans to Schmucks Markets of St Louis for an estimated C\$300m (US\$212m), writes Robert Gibbens.

Loblaw, controlled by the Weston family and with annual sales of nearly C\$2bn, bad a long strike at the New Orleans chain in 1993. It said its long-held national key investment provided only average return and there was little chance of becoming dominant in either

#### Belgian buy for CAE

CAE, the world's biggest manufacturer of flight simulators, has bought Trislot Systems, a Belgian maker of industrial filters, for C\$10m (US\$7m), writes Robert Gibbens.

Trislot will become part of the Canadian company's precision engineering operations in

#### company By John Ridding Cegelec, the electrical engineering arm of France's Alcatel Alsthom, and AEG of Germany yesterday announced plans to combine parts of their industrial controls activities through the creation of a joint

company.
The move reflects AEG's strategy of focusing resources on core businesses and Cegelec's desire to reinforce its industrial controls activities and to penetrate the German market. It will create one of the biggest participants in the sectors included in the

Under the terms of the agreement, Cegelec and AEG will combine their industrial controls operations in variable speed drive machinery and power electronics. Specifically, these products regulated the workings of machinery in basic and processing industries such as the paper and metal sectors.

The joint company, to be 51 per cent owned by Cegelec, will rank alongside Siemens and ABB as the industry leader. Each will hold a share of about 10 per cent of the market for controls in these sectors, according to

Cegelec. The combined activities of the French group and AEG will have annual sales of about FFr4.5bn (\$851m), with Cegelec accounting for about FFr2.4bn of the total. It will employ 3,700, principally in Europe and the US. It will also have operations in China and Australia.

The size of the merged company means that the deal requires the approval of the European authorities.

Cegelec, which will have management control of tha joint company, said that the move represented an important strategic step. "It gives us a critical mass and provides a bridgehead in the German market," the French group said, adding that it would seek to develop its other electrical and engineering activities in

Germany.

The deal is the latest step by AEG, a subsidiary of Daimler-Benz, in its strategy of focusing on core activities. Last year, the company announced plans to combine its robotic activities with those of Schnelder, the French electrical engineering group.

#### 1994 as "quite satisfactory". Yet the airline's restructuring to date does not impress analysts, who think costs should be pared to the bone

when Asian air travel ls 1901 92 increasingly becoming a com-modity market. Any dithering by Thai could be especially damaging when airline yields are under pressure and costs are rising, according to Mr Sheldon Kasowitz, an aviation analyst with Jardine Fleming in Hong

He questioned Thai's plans to add 19 aircraft to its 65-strong fleet over the next four years when air fares were falling. "I think investors really want to see significant changes," he said. "What [Thai] is doing now does not suggest [it] is going to report strong operating earnings over

revealed as one of civil aviation's great underachievers when, after years of delay, 7 per cent was floated off in July 1992. Its wildly over-optimistic profits forecasts only drew attention to accounting serobatics, a bizarre fleet mix and a bloated management. Net profits dropped 12 per cent in 1992 and slumped 67 per cent in 1993 to Btlbn (\$40m) - far particularly rapaclous below the company's earlier politicians gained power and projections of Bt8bn profit for senior managers were sidelined

Mannesmann arm buys

**Imo Industries concerns** 

# 25 -.20

Analysts say more radical change is needed, writes William Barnes

bean much worse without soma accounting devices. Thai's decision to book notional discounts on aircraft purchases as profit was particularly controversial.

Even the 1994 net profits of Bt3.117bn were boosted by Bt792m of discount income. although the company has said it will not do this again. The share price is currently trading at about Bt53.5, nearly twoand-a half years after it was offered to the market at Bt60. It need not have happened so. The tourist boom, which saw arrivals climb from 2m a

could have turned Thai into one of Asia's most powerful airlines. Instead, the surge in business merely became a screen for dubious deals and loose management. The Royal Thai Air Force, which traditionally milked casb from the company, became significantly more disruptive in the late 1980s when

steam turbines and related

products for the oil and

gas, petrochemicals, refinery

and electricity generating

hired McKinsey & Company, a

management consultancy, to

help restructure Mannesmann-

röhrenwerke, its loss-making

tubes and tubular products

subsidiary which is still having

The workers' council at the

trouble because of tough com-

subsidiary said about 1,000 jobs

petition worldwide.

were likely to be shed.

Mannesmann also said it had

year in 1981 to 5m by 1991,

domestic service will eventually become a listed Thai subsidiary. efficiency - including capacity and revenues per employee that year. Income would have by an air force general trying

#### changes... to get to where we belong will take more than Thai lags well behind Singathree years." Profit at Anglovaal mines

down slightly for quarter

After-tax profit at the gold mines in the Anglovaal group dropped slightly, to R47m (\$13.3m) for the quarter ended in December from R47.3m in

the previous quarter. Group beavyweight Hartebeestfontein was once again responsible for the bulk of profit, with after tax income up marginally to R42,9m from R42,1m in the previous quarter. It attributed the improvement mainly to increased gold production and lower working

Meanwhile, Loraine reduced its operating loss to R804 000, from the R1.3m deficit recorded in the previous quarter, as improved grades and higher gold production combined to offset a lower gold price. However, at Eastern Trans-

vaal Consolidated, production results were affected by an explosion which irreparably damaged the calcine precipitator at its main process plant. After-tax profit fell heavily, to R4.1m from R5.2m.

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JANUARY 14, 2003
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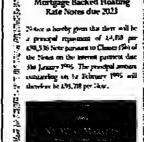
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#### INTERNATIONAL COMPANIES AND FINANCE

# **Kmart demotes** chairman in board shake-up

By Maggie Urry in New York

Kmart, the troubled US discount retailer, has stripped Mr Joseph Antonini of the chairmanship in an effort to strengthen its board. It is also making a strategic review of its business, addressing critical issues such as merchandising, leadership, financial policies

Mr Antonini continues as chief executive officer under Mr Donald Perkins, who becomes non-executive chairman. Mr Perkins, 68, joined the Kmart board as a non-executive director in 1986.

The company also plans to appoint two new independent directors with "strong business expertise", who are expected to be named before the group's annual meeting, set for May 23. Kmart's management suf-

fered a blow last year when shareholders voted against a plan to create new shares tied to the earnings performance of its specialty chains. Shareholders preferred a sale of the peripheral businesses, a pro-

with the flotation of OfficeMax an office products chain, in which Kmart cut its stake to 25 per cent, and the sale of its 21.5 per cent holding in Coles Myer, the Australian retailer. Kmart said the Perkins/

Antonini partnership would "provide Kmart (with) the team it needs to improve shareholder value". Mr Perkins, who was chairman and chief executive of Jewel Companies for 10 years until 1980, will not have an office at Kmart's headquarters, but will "work closely with Mr Antonini". Kmart said.

Kmart confirmed an unchanged quarterly dividend of 24 cents a share yesterday, saying it recognised the importance of the payout to Kmart shareholders. The stock has been recommended by some

analysts for its income. ft also announced two pro-motions. Ms Virginia Rago becomes chief information officer and Ms Shawn Kahle becomes vice-president, corpo

# Honeywell upbeat despite weak year

By Tony Jackson

Earnings per share at Honeywell, the US controls group, fell by 10 per cent last year, as forecast by the com-pany a year ago. However, nore said earnings this year would recover by between 12 and 16 per cent. The damage last year was

done by a sharp downturn in space and aviation controls. with sales falling 15 per cent and profits, adjusted for excep-tionals, declining 35 per cent. In the fourth quarter, however, profits were only 7 per cent

We believe we're at or near the end of the down cycle in space and aviation." Mr Bon-signore said. "In 1995 [we] will begin reaping the benefits of our cost-reduction and productivity improvement initiatives,

as well as our investments in new technologies." In the fourth quarter, group earnings were down 7 per cent

to \$105m, or 81 cents a share, on sales up 7 per cent at \$1.74bn. Operating profit in bome and building controls was up 5 per cent on sales up 14 per cent. Profits in industrial controls were 12 per cent better on sales up 16 per

Orders in all three divisions were up significantly for the year as a whole, Mr Bonsig-nore said. In the fourth quarter, orders in space and aviation were up 15 per cent. Earlier this month, a US

court threw out a potentially damaging \$1.2bn award against Honeywell for patent infringe-ment. This was "a complete victory", Mr Bonsignore said. Honeywell's shares rose \$% to \$34% in early trading.

#### Better margins help lift Loral in third quarter

Loral, the US defence company, produced better than expected third-quarter figures, with net income up 25 per cent to \$71m. Nine-month net income was up 35 per cent at \$192m, in line with the company's forecast of at least 20 per cent growth for the full year.

Mr Bernard Schwartz, chairman, said the result reflected better margins and programme management. Third-quarter orders, including acquisitions on a like-for-like basis, were up 11 per cent to \$1.43bn. They included initial orders for the Patriot missile, in which Loral last year won some business

from its competitor Raytheon. Free cash flow for the nine months was almost doubled at \$446m. Loral's debt, which had risen as the result of an aggressive acquisition programme, fell to 78 per cent of shareholders' funds, compared with 113 per cent nine months earlier. Raytheon, the Massachn-setts-based defence company, is to merge its defence interests into a single division, Raytheon Electronic Systems. Combining the missile, equip-ment and electromagnetic divisions, the new entity will employ 20,000. Costs, including job losses, will come under the restructuring programme announced last March.

#### **Drugs side** helps Abbott post record profit, sales

By Tony Jackson in New York

Abbott Laboratories, the US healthcare company, reported record sales and earnings for the fourth quarter and fuli year, helped by a strong per-formance in pharmaceuticals worldwide and hospital supplies outside the US.

Earnings per share were up 10 per cent for the quarter and 11 per cent for the year. Net earnings rose 8 per cent for the quarter to \$423m. Sales of pharmaceutical and

nutritional products were up 14 per cent in the quarter at \$1.35bn, of which \$900m came from the US. Growth was led by the success of the antibiotic Biaxin, which received FDA clearance for a number of paediatric applications during the year, and of the anti-hyperten-

sive drug Hytrin. Worldwide sales of hospital and laboratory products were up 8 per cent in the quarter at \$1.13bn, with domestic sales accounting for \$600m. The company said its leadership in in vitro diagnostics had been strengthened by the worldwide lannch during the year of its

AxSYM immuno-assay system. Group sales outside the US were up 20 per cent in the quarter to \$962m. US sales were np 7 per cent to \$1.5bn. Group sales for the full year were up 9 per cent at \$9.2bn, with net earnings np 8 per cent to \$1.5bn. Earnings per share were \$1.87 for the year and \$0.53 for the quarter. Abbott's shares rose \$14 to \$32% in early trading.

#### PepsiCo's snacks unit to expand

By Maggle Urry In New York

Americans' expanding appetite for low-fat snacks has persuaded Frito-Lay, the largest US snack company, to spend \$225m on building 15 new snack lines this

Frito-Lay, part of PepsiCo, expects its low-fat and no-fat snack sales to increase from \$500m in 1994 to \$25m by 1998, rising from 10 per cent to one-third of its total snack

Baked-Lay's, is being test marketed.

The average American now

grounds. Frito-Lay aims to produce a better-tasting low-fat snack and is this marketing campaign with displays heing placed in haif the country's supermarkets.

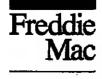


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# US banks overcome competitive pressures

The sector is fighting back against non-bank interests, writes Richard Waters

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Tet interest margins at some of the US's biggest commercial banks began to sag last year as higher interest rates and grow ing competition for loans began to have an effect.

However, with consumer lending rising fast and loan loss provisions falling, most of the banks which reported yesterday still managed to record double-digit gains in underlying earnings per share from a

Generally, banks blamed the

lower lending margins on greater competition. Several increased their credit card lending sharply last year, marking an attempt to fight back against the non-bank competitors which have claimed a big share of the US card business in recent years. Citicorp, which announced headline results late last week but provided fuller details yesterday, said its efforts to reposition its credit cards in the US had led to a 13 per cent increase in receivables during

the year, to \$4.5hn.

While the greater competition has eaten into lending margins, credit card lending remains a highly profitable activity for many US banks. First Chicago said its credit card fee income reached \$832m last year, 17 per cent higher than a year before, and that cards were the largest contributor to its earnings in 1994.

Profits from domestic mortgage lending, meanwhile, slipped in the face of a sharp fall off in mortgage rafinanc-ings. Chase Manhattan said: "We've had generally tighter spreads in some of our biggest businesses, such as home mort-

gages and credit cards." Chase's net interest margin fell to 3.89 per cent, from 4.15 per \$300.2m the year before. cent the year before (these fig-ures exclude the effects of sales of Brazilian and Argentine

Assets at

31/12/94

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income, unlike other banks). Banks also blamed the effect of higher US interest rates on the costs of financing their investment portfolios. While some banks, such as Wells Fargo, said they maintained interest-rate neutral positions, others suffered from a mismatch between the maturity of their assets and liabilities. NationsBank, for instance, blamed the margin decline in part on "a narrowing of the spread between investment securities and market-based

bonds, which Chase usually includes in net interest

Chemical Banking

Chase Manhattan

NationsBank

First Chicago

Wells Fargo

Bank of NY

BancOne

Bancone saw the biggest decline due to this mismatch, with its interest rate margin falling by 73 basis points from 1993, to 5.46 per cent. The bank had warned late last year that it would report an after-tax charge of \$220m to reposition its investment portfolio to pro-

tect itself against further US rate rises. As a result, its net income slipped to \$64.4m, from

1,501

A number of special factors also helped to push reported lending margins lower. NationsBank said that 24 basis points (hundredths of a per-centage point) of its 38 basis

included) at \$95bn. The fourth-quarter figures for several banks which reported yesterday reflected one-off items. Chase Manhattan, for instance, took a \$157m restructuring charge (rather than the expected \$100m), although this was offset by a

Fourth-quarter figures at several banks reflected charges taken as a result of restructuring

RESULTS OF LEADING US BANKS

179

point decline in margin, to 3.58 per cent, was due to the inclusion of the trading assets of CRT, its Chicago-based primary Treasury bond dealer.

Lending volumes, meanwhile, grew steadily at the regional banking groups, while falling off at some of the biggest money-centre institutions. BancOne said that average loan balances in 1994 were 12.5 per cent higher than the previous year, at nearly \$60bn. NationsBank said average lending was up 12 per cent (20 \$30m profit from the sale of a subsidiary and a \$70m deferred tax benefit.

Chemical Banking took a \$260m restructuring charge, cutting its fourth-quarter net income to \$179m from \$947m the year before Leaving aside this charge, and the effect of an accounting change in 1993; full-year net income rose 11 per cent, to nearly \$1.5bn.

Declining net interest margins and lower non-interest revenues, largely due to a failoff in trading income, led most

banks to report lower levels of return on total capital for the year. The steepest decline was seen at Chemical, which fell to 11.8 per cent from 15.2 per cent the year before on the restructuring charge. Chase Manhattan, meanwhile, lifted its return on total capital from 146 per cent to 15.8 per cent. Its provisions for bad debts fell to \$500m for the year, from more than \$1.50m the year

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1993 4th quarter

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4th quarter

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The results reported yester-day generally came in below market expectations, leading to a retreat in bank stocks in morning trading yesterday. Shares in NationsBank, which fell furthest below market projections, slipped by \$%, to \$47.

Wells Fargo, meanwhile, lost \$3% to \$152%, while Chemical fall \$% to \$36%. The decline in bank shares came in the wake of a strong rebound in recent days, which had been prompted by a grow-ing belief in the stock market that the Federal Reserve will act less aggressively to raise interest rates in the months

# Airgas drops bid plan for CBI

By Tony Jackson in New York

sales over the same period. Brands targeted for expansion include Rold Gold fat-free pretzels, Ruffles reduced fat potato chips and Baked Tostitos tortilla chips. A new low-fat potato crisp,

eats 87lbs of sweet or salty snacks a year, up from 52lbs in 1973, and snacks provide nearly a quarter of their daily calorie intake.

However, many avoid low-fat snacks on taste month launching a national

Airgas, the US industrial gases

distributor, has dropped its contemplated bid for fellow rival gases company CBI Industries. CBI had rejected a previous offer from Airgas for its gases division, Liquid Carbonic, valuing the division at \$1.45bn including \$770m of

Mr Peter McCausland, Airgas chief executive, said "unless

circumstances changed" Airgas would not now He said "after the board of

CBI publicly rejected Airgas' private offer for Liquid Carbonic, we started to investigate the possibility of making an offer to purchase all "Based on our evaluation of

the three operating divisions of CBI," he said, "we are not prepared to pay the price that would presumably be

necessary to acquire all of CBI is also involved in

Airgas said it had sold \$15m of CBI shares which it had previously purchased, and now intended to buy back up to 1m of its own shares.

engineering and construc-

It added that on January 26 it expected to report its 14th consecutive quarter of record earnings and cash flow.

# **GE** talks with Turner break down

By Tony Jackson

Negotiations between US conglomerate General Electric and Turner Broadcasting Systems over GE's NBC television network have broken

In talks in Atlanta on Friday, Mr Ted Turner and GE chairman Mr Jack Welch failed to reach agreement over GE's insistence that it should maintain control of the merged com-

A deal involving NBC and will only serve to grow us big-Walt Disney to ITT, has been

rumoured for months. GE has made a policy of not commenting officially on these talks. However, the company confirmed over the weekend that the Turner deal had bro-

GE said: "NBC is a fast growing business. Our objective is not to sell NBC, but to maintain majority control and to seek strategic alliances that

"Our goal could have been achieved with an alliance with Turner, but our offer was rejected because of GE's desire to maintain majority control and ownership of NBC."

with alternative partners are being held at present. NBC said: "If nothing comes

It is understood that no talks

up, we are fine as we are." damage from continued shift-

# from LA earthquake

Allstate revises loss

By Richard Waters

Allstate, the US insurer, has again increased its estimate of losses from last year's North-ridge earthquake in California, this time to \$1.5bn.

The revision, from \$1.3bn, marks the latest in a series of increasingly higher estimates by US insurers since the earthquake, the first anniversary of. which fell on Monday.

Allstate first put its losses from the disaster at only \$350m, but has since lifted the estimate four times.

tions have resulted in part from the unusual nature of the earthquake, which produced an up-and-down motion rather than the more usual side-toside movement, according to insurers. This led to structural damage to buildings which was

Allstate said its latest revision was due to "structural and subsoil as a result of ongoing seismic activity

The Northridge earthquake has already led to the second-biggest losses to hit the US insurance industry, after the \$16bn cost of Hurricane Andrew in 1992. That disaster cost Alistate \$2.700.

Allstate said the higher esti-mate would reduce its after-tax profits for the final three months of 1994 by \$130m, or 29 cents a share. Excluding this, quarterly profits would have been above the \$259m of the final 1993 quarter.

tial public offering of 21.5m shares in PMI Group, its mortgage insurance subsidiary, reports Reuter from Northbrook, Illinois.

Proceeds will be used for general corporate purposes, the company said.

Allstate also said it would

issue exchangeable notes due 1998 exchangeable for up to 9.25m shares of common stock

# Market strength aids recovery at Alcan

By Robert Gibbens In Montreal

Strength in primary and fabricated products markets in north America and Europe enabled Alcan Aluminium, the world's second-largest aluminium producer, to continue its turnround in the fourth quar-

"We will begin to benefit from higher fabricated prices in 1995," said Mr Jacques Bou-gie, president. "Industry fundamentals should continue to improve as strong aluminium demand helps to reduce world inventories."

Alcan normally negotiates with its customers late in the year on an annual basis. Analysts see a sharp jump in profits in the first quarter of 1995 lysts see a sharp jump in profits in the first quarter of 1995 and running through the year. In the first quarter of 1995 and running through the year.

Fourth-quarter net income was US\$48m, or 19 cents a share, after \$25m, or 11 cents, to special charges. This comperes with a loss of \$36m, or 17 cents, after special items a year earlier. The latest figure before spe-

cial charges is 30 cents a share, well above most estimates. Sales were \$2.2bn, against \$1.5bn. Ingot shipments were 231,000 tonnes, compared with 251,000 tonnes, while shipments of fabricated products were 454,000 tonnes, up from 410,000 tonnes.

For all of 1994 Alcan reported net income of \$96m, or 34 cents a share, against a loss of \$104m, or 54 cents, in 1993. Average realised price in the

#### Weyerhaeuser earnings rise 82% in fourth period

By Maggle Urry

faster-than-expected recovery in pulp and paper profits led to an 82 per cent rise in fourth-quarter earnings at Weyerhaeuser, the US forest products group. Net earnings per share rose to 91 cents in 1994 from 50 cents in 1993. Net sales in the period were 5 per

cent higher at \$2.73bm. Mr John Creighton, president, predicted "significantly" improved earnings in 1995 due improved earnings in 1985 the to "dramatic improvement in pulp, paper and packaging profits, along with strong imber values and continued effi-

Group earnings for 1994 totalled \$2.86 a share, up from

by a 65 cents a share gain from asset sales, less a 10 cent charge for additional taxes for

Sales in 1994 were \$10.4bn, up 9 per cent from \$9.54bn. In the final quarter the pulp and paper products division recorded operating samings of \$113m, compared with a loss of \$21m in the 1993 fourth

Mr Creighton said that recovery to this segment had exceeded expectations with both domestic and international demand growing.

Earnings from tha timberlands and wood products division rose slightly to a record

#### not immediately apparent from early inspections.

All these securities already having been sold, this announcement appears as a matter of record only

**Turcas** 

# Turcas Petrolcülük A.Ş.

International Offering of 60,060,000 new "C" class shares

advised by

J. Henry Schroder Wagg & Co. Limited

underwritten by

J. Henry Schroder Wagg & Co. Limited NM Rothschild and Smith New Court

**繼** Schroders

November 1994

#### COMPANY NEWS: UK

# Saatchi has 'no hope' of rejoining board

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# Co Limites

Sir Peter Walters, the former British Petroleum chairman appointed to the board of Saatchi & Seatchi by Mr Maurice Saatchi, yesterday said ha "could not conceive" of Mr Saatchi's rejoining the advertising group'e board. Speaking for the first time

since the December 16 board meeting which ousted Mr Saatchi, he said the proposal for a rapprochement, made by Mr Saatchi's brother Charles over tha weekend, was unworkable. as the group's shareholders and employees were overwhelmingly opposed to his

rejoining.
Sir Peter said: "What Manrice bas done [since being ousted) is a great personal dis-appointment." He is particularly critical of Mr Saatchi's attempts to woo staff and clients from the group.

In an appeal to Mr Saatchi to cease attacking the group he founded in 1970, he added: How you are regarded and respected is in your hands."

The battle intensified yesterday when Mr Saatchi, who is setting np a new agency,

against the company, claiming that his contract was "unlawfully terminated".

The writ also accuses the company of misrepresentation during negotiations in the middle of last year which led Mr Saatchi to replace his £625,000 (\$975,000) a year five-year rolling contract with a threeyear fixed term arrangement paying £200,000 annually. A clause in the replacement

contract says that the company would use its "best endeavours" to give Mr Saatchi a £5m (\$7.8m) share option package. This outraged shareholders, who blocked it and cited it as one of their reasons for wishing to remove Mr Saat-chi from the group board. Sir Peter, chairman of Saat-

chi's remuneration committee, defended the company'e ettempt to award the options to Mr Saatchi, even though it was contrary to guidelines laid down by the Association of British Insurers.

He said he regarded it as fair since it required the company's share price to double over three years in order for Mr Saatchi to receive the full

He agreed, however, that ha should have anticipated sharebolders' approvance that Mr Saatchi was being better rewarded in the option scheme than the group's chief executive, Mr Charles Scott, and that they would be hostile to Mr Saatchi's insistence that all the options could be exercised after three years, rather than over a three to 10-year period as originally mooted.

Sir Peter disclosed that he had been lobbied as part of Mr Charles Saatchi's peacemaking attempts by Mr Ali Wambold a partner of US investment bank. Lazard Frères. He said Mr Wambold's suggestion of demerging the company's Saat-chi & Saatchi Advertising subsidiary was unworkable, because the company needed first to refinance its bank debt

over the coming year.
One backer of the peace process was Mr Harald Einsmann, a director of consumer goods group Procter & Gamble. which is one of Saatchi's biggest clients. It is understood that Mr Einsmann has been acting in a personal capacity, rather than on behalf of P&G.

Mr Atkinson, who led the

£32m management buy-out

from Next in 1988, will retain

708,500 shares, or 2.7 per cent. He said he expected "to be a major shareholder for a long

**Heriebezstieniein** 

Profit belore taxation .....

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For and on behelf of the board

R.A.O Wilson

Year ending

30 Juny 1995

30 June 1995

interest pead and stores

Gold Mining Co Ud

Aug. No. astronomous Issued captair 112 000 000 shares of 10 cents each

public in due course", he said. UBP's management will hold

UBI was formed in 1991 though the merger of Atech of Sweden and Barcode International, a French group. It has assembly operations in both Sweden and France.

# **Swedish** bar code printer

By Christopher Brown-Humes in Stockholm

Charterbouse Development Capital is bnying United Bar-code Industries, Europe's biggest bar code printer and scanner mannfacturer, for SKr400m (\$54m).

The company, based in Dan-deryd just outside Stockholm. is being bought from Svenska Handelsbanken, one of Sweden's leading banks. UBL has 330 staff operating

from 25 offices in nine countries, and annual operating on turnover of \$75m. Mr Roger Pilgrim, a Charter-

house director, said UBI had a strong market position, experienced management, and expansion potential. "This is a business which is expected to grow by 15-20 per cent a year for the rest of the decade.

He said that although bar codes had achieved a high penetration rate in supermarkets. where they were used for pricing and stock control, business in other areas such as distribution and factory inventory control was growing rapidly. We hope to take the company

a 12.5 per cent stake in the company. The balance will be beld by funds managed by Charterhouse.

# Buyer for Quebecor throws down gauntlet

HunterPrint's Canadian rescuer has declared a price war in Europe

Quebecor Printing. has thrown down a challenge to the British printing industry with the announcement of aggressive expansion in the

In a move that dismayed some industry executives, the company said HunterPrint, its new UK subsidiary, would maintain prices significantly below the market average and "chase customers" in magazine and retail printing.

The decision marks the Canadian company's first warning shot following the completion this week of its C\$3m (US\$2.1m) takeover of HunterPrint, the debt-burdened printing company it regards as a new bridgehead in

Europe.
It is a bold strategy given that the Corby-based business only last month was facing receivership and the prospect of rival printers snatching its hard-won contracts with customers such as Mirror Group Newspapers and Associated Newspapers. "All the other printers would have preferred it to go bust. This is had news for them," said Mr Jonathan Helliwell, printing industry analyst at James Capel.

By promising to overhaul production and inject £7m into the business, Quebecor has rescued the UK printer from a near-death experience which, its critics claim, was largely of

its own making. "HunterPrint was a loose cannon. They underent the competition to win contracts, but then couldn't generate the profits to keep the business going," said Ms Louise Barton at Henderson Crosthwaite.

Along with other industry

Basican Transvaal

orth America's second analysts, she predicted Quebe-largest print group, cor would push up prices when HunterPrint's existing con-

tracts come up for renewal. Yesterday, however, Mr Pierre-Karl Péladean, Quebecor's European president, ruled out an imminent change in its UK pricing policy.
"We'll be keeping to the

same strategy and I'm confident it will win us new customers," be said, adding that it hoped to turn HunterPrint into the European print site for several US publications.

The announcement prompted an immediate back-lash from the printing industry. "This is very foolish," said one company chairman. "HunterPrint's gross margins were so slender they were almost invisible. Quebecor cannot compensate for that, even by changing production and cut-

ting manning levels."

Even so, there were signs yesterday that the Canadian group would use its sizeable reserves to deaden the pain of losses at its UK subsidiary.

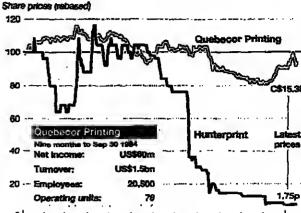
With the advantages of size and depth of evailable resources, Quebecor Printing will endeavour to belp Hunter-Print realise its full potential," said Mr Péladeau. The dilemma for the indus-

try is how long Quebecor will be prepared to endure tight margins at HunterPrint in the hope that rock bottom prices will attract oew business. It certainly appears in no hurry to raise them, and has gained some breathing space by reaffirming a 10 per cent pay cut and five-year no strike deal with the Corby workforce.

Its hand, bowever, may be forced by the twin burdens of increased raw material prices and demands for new capacity.

All companies mentioned are incorporated in the Republic of South Alnox

Plate of exchange on 31 December 1994: R1,00 = £0,18, £1,00 = R5,58,



While HunterPrint has struggled to contain costs, its rivals have steadily increased spending on new plant and equipment - leaving them better equipped to absorb prices through greater efficiency or

pass them on to customers.

That strategy could prove the best defence against a revitalised HunterPrint, according to some competitors.

St lves, for example, has embarked on a £50m investment programme. which has improved efficiency and enabled it to woo back customers that bad defected to HunterPrint. "We've enhanced capacity and we're using that to win new work," said Mr Miles Emley, chairman. Watmoughs has taken simi-

lar action. Mr Colin Maughan, deputy chairman, warned that Quebecor risked mounting losses in the UK by opting for low prices rather than

improved production. They also suggested that the Canadian group's threat of low cost competition may be little more than a gesture to assuage important customers such as the Guardian Media Group,

which would be reluctant to

renegotiate its favourable

printing contracts. Both companies also pointed out that they have survived a similar challenge from R R Donnelley, the world's largest printer. It has failed to make a significant impression on their market share despite a

10-year UK presence. But Quebecor could prove a stiffer competitor. It has acquired long-term cootracts with national newspapers and certainly bas the financial muscle to survive a price war, It could also afford to step up investment while maintaining

competitive prices.

Tim Burt

# **Eurocamp directors make** share sales worth £800,000

Mr Richard Atkinson, who rose from a camp site attendant to managing director of Eurocamp, yesterday sold 100,000 shares in the group at 268p. Mr Gordon Harman, the finance director who helped steer the self-drive camping holiday company through its

1991 flotation, sold 100,000 shares at 268p and a further 100,000 at 264p, netting a total after the group's annual results, which were ahead of forecasts at £8.65m, and lifted the shares to 270p. Yesterday the shares closed

Mr Harman, although only 47, will be retiring as finance director in March, and is aiming to spend more time on his hobbies of golf, playing in a brass band, and motorcycling. Ha will remain a non-executive director. He still holds 384,500 shares, or 1.64 per cent of Euro-

The disposals came a day camp.

#### Williamson Tea declines cuts losses to £5.27m

Williamson Tea Holdings hlamed "significant increases" in production costs for a marked decline in operating profits at the midway stage.

six months to September 30 rose from £20.6m to £22.5m (\$35m) following improved crops in India, Kenya and Tanzania, the outcome at the operating level dropped 24 per cent from £6.03m to £4.57m.

However, the pre-tax fall was reduced to 14 per cent, from £6.15m to £5.27m, after a higher input from the Williamson Magor associate - including an exceptional profit of £308,000 from estate sales -

and a lower interest charge. After reduced minorities, earnings per share emerged at 104.66p (100.8p). The interim dividend is maintained at 10p.

# Explaura to £0.7m

Explaura Holdings, which operates limestona quarries in Newfoundland, Canada, reported a sharp increase in interim sales and reduced was unimpressed and left the shares languishing at an unchanged 1½p.

Turnover for the six months to September 30 reached £2.41m (£585.300 for period to June 30 1993 and £2.1m for 15 months to March 31 1994). First-half losses were cut from £1.1m to £703,700, with losses per share at 0.3p (0.72p). Mr David Finch, chairman, said tha trading improvement had

Mr Finch pointed out, bowever, that the NRM subsidiary remained in arrears with its obligation to the Royal Bank of

# Disposals help lift Peel 37% to £3.04m midway

By Geoff Dyer

Peel Roldings, the Manchester-based property group, reported a 37 per cent increase in pre-tax profits from £2.21m to £3.04m for tha six months to September 30.

Mr Peter Scott, managing director, said that despite the improvement the property investment market had been difficult. "Rising bond market yields have turned investors away from property invest-ment back into bonds."

The results were helped by a profit of £269,000 (loss of £83,000) from property sales of £4.7m. Operating profit from the Manchester Ship Canal

port rose to £2.19m (£1.84m). The appeal to the House of Lords against the Court of Appeal's decision to withdraw planning permission for a shopping centre at Dumplington, Greater Manchester, will be heard next month.

Turnover was flat at £32.9m (£33m) but net rental income up slightly at £22m (£21.5m). Net debts rose since the March 31 year-end to £375m (£369m). Gearing had "not sig-nificantly changed" since March when it stood at 116 per cent. A lower tax charge of £400,000 (£1m) helped turn losses per share of 0.61p into earnings of 1.64p. Tha interim dividend is 1.7p (1.3p).

accordance with Pricing Supplement, the Note will pay at maturity a coupon of 0 %

SOCIÉTE GENERALE GROUP 15, Avenue Émile Reuter LUXEMBOURG

Royal Bank of Canada (Channel Islands) Limited congratulates Birmingham Midshires **Building Society** on the automated humain of its Garmany bank, Harangelous Makhiren (Gaester); I Limated, and is pleased to have been appointed a mapage the humano on the company is below

Angloved Group Mining companies' reports - Quarter ended 31 December 1994

491 000 628 1,28 57,23 25,54 31,69 44,745 19,968 24,777 28,100 12,540

65 682

7 498

42 921

8 313

Al 31 December 1994, the Company had entered into the following transactions which are Resible in nature and may be adjusted to the Company's adventage in response to

ntonm dividend No. 78 of 64 cents per share (1993: 75 cents per share), decisted sh

Outstanding commitments at 31 December 1994 are estimated at FI2 536 600 (30 September 1994; FI2 120 000).

Otrector: B.E. Hessev O.M.S., Hon. U.D., (Channoll). B.L. Berschin Hon. U.D. J.J. Geberhays. N. Marer, Care S. Merrel, C.L. Suran, R.A.D. Vilkoh

neg pineties, P.J. Sysmon, B.J. Fundon, G.J. Rossontre, J.E. von Nickers, K.H. Williams

Kg of gold sold

729 4 215

66 420

5 709

5 709

7 525

R000

135 102

13 462

85 033

15 838

2 900

Average forward price per kg sold

price per kg R44 862

Development results given are the actual sampling results. No allowances have been made to necessary in the voluetion of the corresponding one reserves.

lessed captail: 86 333 560 sharps of 2.5	Quarter unded 31 Dec	Content protect 30 Sept	Six tnor
Operating moults	1994	1994	1
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Sold recoveredko	626	885	104
Yield gh	7,1	9,1	
Roverne	319.00	399,46	361
Costs R/I miled	333.56	301,81	316
(Lose/profit R/I meled	(14,55)	97,65	44
Revenue RAID	44 760	43 696	44
Costs P/40	46 BO2	33 014	38
fLoss, yprofit	(2 0421	10 681	5
Roverse R000	26 020	38 670	65
Cost:R000	29 298	29217	58
(Lossyprofix R000	(1 275)	9 453	8
Financial regults	FI000	ROOD	R
Working (loss/profit - gold mining	(1 275)	9 453	
Insurance claim (loss of profits)	7 558	_	7 :
(Loss) from sale of by-products	(637)	(238)	ti.
Non-mong income	124	248	
	5 767	9 453	15 2
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Profs before textion	4 359	8.391	127
Texasion	262	2 157	2 4
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	7 297	3 061	10 3
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Church width cm	232	234	2
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1 November 1994 Satisfactory progress is being made on the reconstruction of the pean and it is expected that full production dispacity will be restored by mild February 1995. The resummer Ceirm in respect of the loss of profits resulting from the explosion, as reflected in

The Brancal results include the results of hedging transactions

At 31 December 1994, the Company had entered into the following transactions which an Seatols in Agains and may be adjusted to the Company's advantage in response to change Sales of future gold production

Year anding	Kg of gold sold	Average forward price per kg sold
30 June 1995	347	R43 154
35 June 1995	568	R45 630
30 June 1997	185	P53 408
Sities of dell options		
		Average strike
Year ending	Quantity lig	price per kg
30 June 1995	99	P47 818
30 June 1998	829	R49 294
30 June 1987	438	R55 117
Dividend		
Interim dividend No. 89 at 5.5 cents		hare), declared in

ember 1994 are estimated at R4 040 000

For end on behalf of the board R.A.D. Wison Directors

Dreston, RAD Ween (Charment LJ Gel GJ Robbern, T.V. Spindor, JE van Neben Married Strocky: B.J. Funding

18 January 1995

30 September 1995 30 September 1996

Salas of call options

30 September 1995

For and on behalf of the board

Assensis directors R.J. Fundion, C.M. Mobelly, T.V. Spingle

Director's R.A.D. Witson (Charmon), P.J. Eusteca, J.J. Geldenhuye, B.E. Hemov D.M.S., Hon. LL.D., B.J. Laurenson, City S. Mahall, G.J. Robbertre, K.H. Williams

R.A.D. Wilson J.J. Geldenham

All financial figures for the quarter and progressive figures for the current year to dure, tracepting those of Loraine Gold Mines, Limited, for the quarter and financial year ended 30 September 1994, are unaudited,

	ince, u		
Reg No. 05/301/30/04			
based capital: 18 366 986 shares of R1	,00 each		
	Chuethar	Duntter F	tnancled yo
	anded 31 Dec	anded 30 Sept	30 Se
	1994	1984	198
Operating results			
Ore milled 1	419 000	429 000	1 779 00
Gold recovered Linnania in	1 585	1 551	5 97
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Revenue RACO	(1 093) 69 491	69 248	257 07
Comp A000	71 223	69 633	258 58
(Loss)	(1732)	(685)	11 51
Financial results	B000	PICCO	1800
Working (less) - gold mining	(1 732)	(685)	(1 51
Profit from sales of pytho	485 1 051	1 <i>000</i> 899	1 22 5 14
Interest paid, enores adjustment	(196)	1 394	4 86
and appropriation for			
rehabitication costs	608	2 384	285
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Taxation		297	29
Loss)/profit after tsustion	(804)	(1 287)	175
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Appropriation for logn		1 200	731
shakimenta	51	83	26
	213	1 373	4 56
Davelopmant			_
Advanced	5 693	4 658	19 204
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ampled m	28	132	49
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	799	784	850
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Diennel value	10 162,1	359,7	193.8
	1 584	2 563	1 800
Edorado reefs			
Sampled	242	316	1 866
Thennel webth	141 14,8	10,1	130
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fotal - all tests			
sempled	582	704	3 704
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cm.g/	1 758	1 683	1 430
-	-		
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Prenciel			
he financial results include the results o	l hedging transc	ections.	
lerms of the Company's articles of ass.			n 60mm >-
n igms of the Company's articles of ass, mitted to R95 000 000. At 31 Decamber 13 673 000), of which long-term bon 13 424 000) and short-term to R261 000.	1994 berrowing owings amou	s lotalied R340 ated to R314:	25 000 (1993
ledging transactions			

forward price per ky sold

16 January 1995

SOCIETE GENERALE ACCEPTANCE N.V. USD 10,000,000 EURO MEDIUM TERM NOTE DUE APRIL 7TH, 1996 ISIN CODE: XS0053443528 Notice is hereby given that on January 12th, 1995, the USD/THB has traded above the level of 25.65. Therefore, in Condition 31 of the

on the basis of granting shareholders in Northam the right to subscribe for 20 448 000 linked units ("units") in Northam at a price of R25,00 per unic, in the ratio of 25 units for every 100 shares held at the close of business on 20 January 1995. Each unit will consist of 5 shares of 1 cent each and 1 option. Each option will emittle the holder to subscribe for a further 1 share at any time between 1 March 1995 and noon on 51 December 1997 at a subscription price of R7,50 per share.

The JSE has gramed listings in respect of the renounceable (nil paid) letters of allocation from Monday, 23 January 1995 until Wednesday, 15 February 1995 and for the new shares and options from Thursday, 16 February 1995.

The London Stock Exchange ("LSE") Dealings will commence on the LSE in the renounceable (nil paid) letters of allocation under Rule 2.1 (a) (v) on Monday, 23 January 1995 and in the new stares and options under Rule 2.1 (a) (v) on Thursday, 16 February 1995. Dealings in new

shares (fully paid) will commence on the LSF under Rule 7.1 on Friday, 24 February 1995. Important dates of the rights offer are: Friday, 20 January 1995

Last day in register to participate in the rights offer ("Record Dare") Listing of renounceable (nil paid) letters of allocation commence on the JSE Dealings in renounceable (nil paid) letters of allocation, commence on the LSE under Rule 2.1 (a) (v)

Rights offer opens Listing of and dealings in renounceable (nil paid) letters of allocation on the JSE and the LSE terminate

Johannesburg (14:30 local time) Listing of and dealings in new shares and options on the JSE commence Dealings commence in the new shares and options on the LSE under Rule 2.1 (a) (v)

Rights offer closes - best day for lodging and payment (Johannesburg and London at 14:30, local cissus) Postal acceptances postmarked on or before 17 February 1995 accepted until close of business on Dealings in new shares (fully paid) commence on the LSE under Rule 7.1

Share and option certificates and fraction cheques posted A circular giving full information regarding the rights offer will be posted to shareholders on Friday, 27 January 1995. Copies of the circular will be available for inspection from 20 January 1995 at Northam's registered and transfer of

Transfer Offices

PO Box 61595

(In the Republic of South Africa L.

(In the United Kouple Gold Fields Corpora

This notice is issued in compliance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited Ithe "London Stock Exchange"). Application has been made to the London Stock Exchange for all the 93,707,692 New Ordinary Shares and the 80,000,000 existing Ordinary Shares to be admitted to the Official List, Dealings are expected to commence in the existing Ordinary Shares and the New Ordinary Shares on

#### KAY'S FOOD GROUP PLC

Acquisition of Corridor Food Group PLC

Placing and Open Offer

sponsored by **English Trust Company Limited** 

Proposed Authorised £3.000.000

Share Capital Ordinary Shares of In each Issued and now being issued fully paid £1.737.076

Monday, 23 January 1995

Monday, 23 January 1995

Friday, 27 January 1995

Wednesday, 15 February 1995

Thursday, 16 February 1995

Thursday, 16 February 1995

Thursday, 16 February 1995

Wednesday, 22 February 1995

Friday, 17 February 1995

Friday, 24 February 1995

The 93,707,692 New Ordinary Shares now being Issued and allotted will, when fully paid, rank peri passa with the 80,000,000 existing Ordinary Shares and will rank in full for all dividends and other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

Copies of the listing particulars dated 17th January, 1995 relating to the Company may be obtained during normal business hours (Saturdays and public holidays excepted) until 19th (anuary, 1995 by collection only from the Company Announcements Office, the London Stock Exchange, London Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2N 1HP and until 31st January, 1995, from the Company's registered office, Hobson House, 155 Gower Street, London WCIE 6BI and from:

**English Trust Company Limited** 12a Charterhouse Square London ECIM 6AX

Ellis & Partners Limited 16 The Courtvard Fast Park, Crawley Sussex RH10 6AS

This advertisement is issued by English Trust Company Limited, a member of The Securities and Futures Authority Limited.

18th January, 1995

#### THE HEDGE FUND

Luxembourg, 11, rue Aldringen R.C. Luxembourg N° B 38653

Notice of Meeting

Notice is hereby given that an Extraordinary General Meeting of Shareholders will be held at the registered office of the Company on 1 February 1995 at 11.00 a.m. with the following agenda:

To discuss and decide on the continuation of the SICAV or to decide its dissolution according to article 29 (1) of the Luxembourg Law on Undertakings for Collective Investment dated

The shareholders are advised that no quorum is required for the item of the agenda and that the decision will be taken at the simple majority of the shares present or represented at the Meeting. Each share is entitled to one vote. A shareholder may act at any

By order of the Board of Directors

#### KAUFhof

Kaufhof Finance B.V.

Can\$ 100,000,000 Collared Floating Rate Notes 1993/2003 (issued under the DM 1 billion Multi-Currency Ezro Medium Term Note Programme of Kaufnot Holding AG) Tranche No: L1

The Rate of Interest applicable to the Interest Period from January 16, 1995 to April 17, 1995, inclusively, was determined to be 7.394per cent per annum. Therefore, on April 18, 1995, interest per Note of Can\$ 1,000 principal amount in the amount of Can\$ 18.23 and interest per Note of Cans 10,000 principal amount in the amount of Can\$ 182.32 is due.

Frankfurt am Main, January 1995

Dresdner Bank Aktiengesellschaft Calculation and Principal

#### Postipankki Ltd

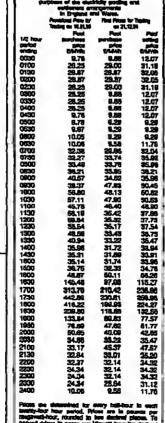
US \$50,000,000

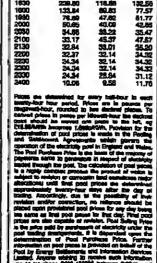
Subordinated Floating Rate Notes Due 2000

For the interest period 18th January, 1995 to 18th July, 1995 the Notes will carry an interest rate of 7.0% per annum with an interest amount of US \$175.97 per US \$5,000 Note, payable on 18th July, 1995.

Bankers Trust Company, London

Agent Bank





#### **COMPANY NEWS: UK**

# First Choice Holidays rises to £16.3m

First Choice Holidaya, which changed its name from Owners Abroad as part of a relaunching exercise last August, lifted pre-tax profits from a restated £3.4m to £16.3m (\$25.4m) for the year to October 31. Stripping out exceptional items. profits were a little more than 50 per cent ahead at £23.3m, on total turnover up from £710.2m to £821.8m. The figures were in line with London market expectations. The shares were

unchanged at 117p.
Garmany's Westdeutsche
Landesbank controls a 21 per
cent staka in First Choice through its Thomas Cook subsidiary. Late last month, First Choice and WestLB made a "new start" by altering their commercial links, and Mr Wolfgang Trube, chief executive of a WestLB subsidiary joined the UK company's board as a nonexecutive director.

Basic earnings per share wera 5.1p, compared with losses of 1.6p. Before exceptionals, earnings rose from 4.7p to 8.2p, and the board is proposing to lift the final dividend to 2.45p, giving a total of 3.85p

Last February the group acquired the rest of ITA, its Canadian travel associate which accounted for £3.9m of operating profits and £148.2m of sales. Rationalisation has already produced annual savings of £1.5m.

The previous two years have been so eventful for the group that it is difficult to make comparisons between the results. As Owners Abroad, it successfully fought off a takeover bid from rival tour operator Airtours in 1993, only to make a on the previous year.

In the ensuing upheaval, which saw the shares retreat to 66p and the departure of top executives, the group's market share fell from 16 per cent in 1992 to 9 per cent in the final quarter of 1993, recovering to 12 per cent last year. Operating margins fell from 5 per cent to just over 2 per cent.

The volume in the run-up to last Christmas was 35 per cent ahead of the 1993 period, when uncompetitive pricing deterred

Mr Francis Baron, chief executive, is aiming to add one percentage point to the market share this year, taking it to 13 per cent. He said yesterday that he believed the group had hit 15 per cent in the first two weeks of the current peak

booking season. He also said that following the restructuring and rebranding of the group, the manage-ment would be able to concentrate on improving profitability. He indicated that margins - 23 per cent last year could be pushed up to 5 per cent in the next three or four

Last August's restructuring and rebranding exercise, which cost £7m, reduced the company's brands to three - First Choice, for the mass market; Sovereign, the premium brand; and Free Spirit, which caters for adults without children. Head office staff were cut by 260, resulting in annual savings of £7m.

The group also runs Air 2000, the UK's third biggest air carrier with 18 aircraft. It accounted for £108.5m (£95.4m) of the turnover, and carried 2.995 passengers, up 30 per cent

# BPB to buy Spanish plasterboard plant

By Andrew Taylor, Construction Correspondent

BPB Industries, Europe's biggest plasterboard producer, is to spend Pta3.3bn (\$24.6m) over five years to acquire one of only three plasterboard manufacturing plants in Spain. It is buying e plant at Zaragoza in the north east from Española de Placas de Yeso (Epysa). The plant has an

annual production capacity of 18m square metres. There is substantial over-capacity in the Spanish plasterboard industry.

BPB plans to export some of its Spanish production to France to release production plants to supply other Euro-pean markets, where BPB has been finding it difficult to meet rapidly increasing demand.

Mr Jean-Pierre Cuny, BPB's chief executive said Spain currently has e capacity to pro-duce 50m sq m of plasterboard compared with annual sales of about 15m sq m.

"But this is a good deal for us. Until now we have been supplying Spain from France which has been costly in terms of transport costs and currency exchange movements.

The purchase provides BPB

with e long-term presence in the growing Spanish market as well as potential currency benefits from exports to France. Most importantly, it releases capacity to supply other mar-

Nobo awaits

growth from

French buys

Nobe, the office equipment

and visual aids group which has started to expand in main-

land Europe, lifted pre-tax

profits for the six months to October 31 from £965,000 to

£1.03m (\$1.6m), on turnover 44

Acquisitions contributed

£57,000 (£80,000 in the first half of 1993-94) to operating profit and £784,000 (£804,000)

Nobo bought four French

visual display companies - the

De Visu group - for £8m in October last year, after the

purchase of Elite Optical the

Elite has now made a profit. sald Mr Reg Barr, chairman, and the De Visu acquisition

was "progressing well". But he warned that Nobo was

expecting "a certain amount of production rationalisation".

He also warned that the acquisition was likely to increase

the seasonality of Nobo's trad-

Earnings per share were

ahead at 5.79p (5.55p) and

there is an increased dividend

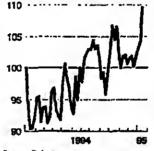
to turnover.

previous year.

ing pattern.

of 2.2p (2p).

Share price relative to the FT-SE-A Building Materials & Merchants Index 110 -----



kets, with demand in Eastern Europe growing strongly."
Epysa, which is 60 per cent owned by Urilata, e Spanish conglomerate, will retain its other plasterboard plant near Madrid. Knauf, the privately owned German plasterboard producer, owns the only other Spanish plasterboard plant.

Building materials analysts said manufacturers would normally expect to pay £1 for every extra 1 sq m of capacity gained, suggesting the Spanish company is worth £18m.

Mr Cuny said BPB had seen sales growth in all its main markets during the final three months of last year. Mr Alan Gormly, former chief executive of Trafalgar

House, the construction and shipping group, is joining BPB as a non-executive director.

#### LEX COMMENTS

# Cutting political risk in rail privatisation

The UK rail regulator's decision to cut the charges Railtrack can levy for the use of its network is, paradoxically, good news for the company's privatisation. A high level of access charges would have allowed the government to sell Railtrack for a higher price, probably

But the political risk of investing would have been correspondingly greater, because high government subsidies would have been needed to cushion passengers from their effect. Potential investors will be happier that subsidies will now be lower and, as a result, not so vulnerable to political whim.

Investing in Railtrack will still carry political risks. Though the regulator emphasises the stable financial regime created by a 6-year price cap, these plans could easily be thrown off course by an incoming Labour government. Despite all the huffing and puffing of the past week, Labour would be unlikely to renational-ise Railtrack. But it could seek to curry favour with travellers by imposing even steeper cuts in access charges.

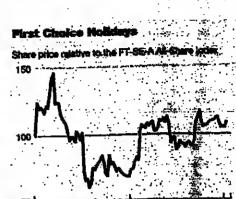
Nevertheless, such risks are offset by two main attractions. First, Railtrack has some of the features of a utility: though individual rail franchise operators may come and go, they will all use Railtrack's infrastructure. Second, as with most privatisations, there will be great scope to improve efficiency. So provided the political risk is properly reflected in Railtrack's flotation price, there should be little problem attracting investors.

#### First Choice

First Choice Holidays may still be valued some 260m below the value of the Airtours hostile offer in early 1993. But drastic action has been required to restructure a company where costs have been spiralling in a highly competitive

The new management has developed e more focused, less ambitious business, with a new brand name and overheads which should be

And while its target "industry average" mar-



gin of 6 per cent looks ambitious, there is plenty of room for growth from the 1994 figure

of 23 per cent. BAA's revelation earlier this week that char ter traffic through its airports grew 8.5 per cent last year is an indication that market conditions for holiday companies are

improving.

The question remains whether First Choice can rebuild its market share, despite being the only one of the big three operators not to own.

a travel agency.

It is undoubtedly better off being independent, however, than having a small agency network, and losing distribution from the agency arms of its largest competitors, Thomson and Airtours. And it is not totally alone. Thomas Cook's 21 per cent shareholding in First Choice provides a useful

A further threat comes from the fact that the market leaders have not shied from cut-ting prices to protect market share, and Thom-son has suffered a decline. First Choice's pretax profits should double in 1995, and a prospective price/earnings ratio of 10 suggests upside potential. But in a volatile industry, some risk rating will remain.

# Com-Tek to buy HK group with Chinese power interests

By Peter Franklin

Com-Tek Resources, the Colorado-based power station constructor and operator whose shares are traded on London's Unlisted Securities Market and Nasdaq in the US, is to buy Access Power, a Hong Kong company with power interests in China and other Asian countries.

Access Power has agreed to build and operate three 4 megawatt power stations in ers on the basis of 1 new conthrough e 10 per cent interest in one of the partners in a joint venture project for the construction of a 50 MW power

tation, also in China. ally placed 61m common Consideration for the acquishares at 4p each and 1.64m station, also in China.

sition is \$200,000, satisfied by the issue of class A convertible preference shares, and the issue of 38m warrants.

Com-Tek also proposes to

raise some \$7.2m net of expenses via an offer and placing to provide funds for the new projects and for the development of its traditional oil and gas production business in the US. Up to 1.62m class A convertible preferred shares are being offered to shareholdvertible share at 80p (\$1.24) for each 30 common shares they own. Com Tek shares closed unchanged at 4%p.

English Trust has condition-

class A convertible preferred

The Access Power agreement is conditional on completion of the offer and placing, and upon passing of the necessary reso-lutions each convertible share will convert automatically into 22 common shares.

On completion of the deal it is proposed that Com-Tek will be renamed Powerhouse Resources. Access Power's owners, Mr Malcolm Stone and Mr Sam Loung, have become directors of Com-Tek.

Com-Tek also announced a net loss of \$2.84m (\$499,451) on total income of \$292,385 (\$596.823) for the year to September 30. Losses per common share emerged at 4 cents (nil).

# Electron House 54% ahead

By James Whittington

Strong demand for electronic components, together with productivity gains, helped Electron House report a 54 per cent rise in interim profits.

Pre-tax profits in the six months to November 30 increased from £1.61m to £2.49 (\$3.88m). Sales rose from £46.2m to £58.9m.

Mr Robert Leigh, chairman of the components distributor, said the results reflected the continuing strength of the group's main markets, com-bined with further productivity gains generated internally.

expenses falling from 15.8 per cent of sales to 14.5 per cent, compared with the industry average of 17 per cent.

Electronic component sales for personal computers, especially semiconductors, were especially strong in the UK where they rose by 37 per cent from £25.8m to £35.4m.

ing demand for telecommunications equipment and moved ahead from £9.74m to £12.6m.

Sales in Australia and New Zealand were boosted by grow-

Operating profit was up 38 per cent to £2.77m (£2m) and the group ended the period with a net cash position of

building new distribution However, the two remaining

systems businesses, which accounted for 19 per cent of turnover, stayed in the red with a £78,000 loss (£296,000). Sales were slightly up at £10.9m (£10.7m).

Mr Leigh said a management restructuring et Bytech Systems should help produce a positive contribution from systems by the year end. Earnings per share rose from

3.74p to 8p, and the interim dividend is increased 29 per cent to 1.55p (1.2p).
The shares closed 3p higher yesterday at 168p.

# December puts Tesco back on course

These resulted in operating 24m, which would be used in

By Roderick Oram, Consumer Industries Editor

Tesco enjoyed an improvement in December trade which was towards the higher end of City forecasts and put the UK's second largest supermarket chain back on course to meet year-end profit

The first supermarket group to report, its experience of a late but busy Christmas was typical of retailers in other sectors.

After "a lacklustre October and November" sales grew 7 per cent in the four weeks to December 31 on a like-for-like basis, or 15.6 per cent including new stores and additional sales space. Sales for the 20 weeks to December were up 3.8 per cent like-for-like and 12.9 per cent in total. The figures excluded Wm Low, the Scottish

chain acquired in September. "We are very pleased with the excellent Christmas parformanca, Sir Ian MacLaurin, chairman, said. Fruit and veg-

etables and music and videos sold particularly well, he added.

Catteau, Tesco's French chain, reported second half like-for-like sales growth of 4.1 per cent, reversing a 2.8 per cent fall in the first half. Overall sales were up 19.5 per cent in the second half, reflecting new store openings as it moved, for example into areas to the north and west of Paris. It will open a drinks store in Calais on March 22 to cater to the cross-Channel

	Territorer (Sm)			a-tax It (Guy)	8	S (a)	Correct (p)	Date of	- Dividends Corresponding	Total for	Total a
Central Motors 5 Yr to Oct 31 Cont-Tek Res 5 * Yr to Sept 30 Court Coveradath 8 miths to Oct 31 Electron Resea 6 miths to Nov 30 Crements Brawery 5 Yr to Sept 24 Copiaura 6 miths to Sept 30 Crements Brawery 5 Yr to Oct 31 Cay's Food 814 miths to Sept 2 Cay's Food 814 miths to Sept 30 Cay's Food 6 miths to Sept 30 Cay's Food 8 miths to Sept 30 Cay's Food 9 miths to Sept 30	11.3 0.29 11.3 58.9 35.5 2.41 821.8 1.57 15.3 0.25 32.9 10.8 18.7 168.9 22.5	(10.8) (0.6) (7.17) (46.2) (35.3) (0.59±) (710.2) (10.6) (0.25) (38) (10.7) (17.6) (104.7) (20.6)	0.07 2.84. 2.24 2.48 2.55 0.71. 16.3 0.22 1.03 0.22 3.04 1.391. 1.461. 5.27	(0.86) (0.51) (0.45) (1.61) (1.86) (1.11) (3.4) (-) (0.22) (2.21) (0.4) (2.62) (4.4) (2.62) (6.15)	0.03 44, 9.5 6 85.1 0.31, 5.79 13.26 1.64 5.94 5.95 8.471, 104.66	(4.52 ) (mil ) (2.54 ) (3.74 ) (67.3 ) (0.72 ) (1.8L ) (-) (5.56 ) (13.04 ) (1.74 ) (1.74 ) (19.45 ) (100.8 )	2.25 1.55 1.55 7.1 2.45 - 2.2† 8 1.7 mil 1.1 9.8	Apr 1 Feb 28 Apr 6 Apr 12 Mar 27 Apr 6 Mar 16 Mar 16 Mar 1	3 -3 1.35 1.2 6.6 - 2.1 -2 9 1.3 0.28 1 5.7	2,75 14.2 3,86	907 4 3.2 13.6 3.5 6 25 4.5 0.53 10.1
Tylico 6 miles to Oct 31		(30.4 )	Ekok	(0.33L) let gs (2m)	1,46	(1.19L.) (p)	Current payment (p)	Apr 7 Date of begreent	1() nil Corresponding Olykomi	Yoth for	25 0.5 Total 1
it David's Yr to Nov 30 Pridentis shown net. Figures in brackata are to 0 June 30. (First Interim for content year. "U	239	(307 )	1.24	(1.23 )	15.11	(15 )	3‡	Mar 31		- Hear	<u>. year</u>

#### COMMODITIES AND AGRICULTURE

# Pulp prices rise further as | Coking coal suppliers playing hard to get strong demand continues

By Bernard Simon in Toronto and Christopher Brown-Humes

Profession and

American and Scandinavian pulp producers are taking advantage of fren-zied conditions in world pulp and paper markets to announce the sixth price rise in just over a year.

Saveral producers have advised customers that they plan to raise prices of northern softwood bleached kraft pulp, the industry's benchmark product, from US\$750 to \$825 a tonne in March. The increase comes on the heels of a \$50-atonne rise imposed at the beginning of this month, and brings the price close to the 1989 record of \$840. As recently as mid-1993, pulp was changing

hands at \$390 a tonne. "Wa have to try and fill the huge hole which the last three years have left hehind," Mr Timo Teras, senior vice-presi-dent of Finncell, the main marketing group for Finland's pulp producers, said yesterday. He pointed out that the price rise had been much more modest in some non-dollar currencies.

notably the D-Mark. The latest increase stems partly from strong demand in Europe, the Far East and Middle East, but also from disruptions at several mills in British Columbia. A strika has shnt down three mills owned by Fletcher Challenge Canada for the past three weeks, while another mill has suffered technical problems. Most analysts and producers prices to moderate later this year, hut they differ on the extent of the downturn. Mr David Pinneault, econo-

mist at Resource Information Systems in Boston, has predicted that NBSK prices could temporarily fall back to around \$700 a tonne by the end of the year as European stocks creep m and consumption slackens Mr Michel Valois, manager for market development at Repap. a large Canadian producer, says, however, that many analysts have under-estimated demand. He notes that unfilled orders for coated papers in the US not total around 2.3m

Repap expects no more than a levelling-off in prices. Mr

# By Gerard McCloskey

Last week saw the first real attemnts by the Japanese steel mills to forge a new price settlement for their 1995-96 supplies of coking coal. And, despite appearing to strike one accord for a \$2.85-a-tonne rise with the Canadian producer Luscar, no other Canadian suppliers, nor any from Australia - the world's biggest coking coal exporter - followed suit. Opinions differ on the status of the agreement with Luscar. Both the mills' chief negotiator, Nippon Steel's Keigo Takahashi, and Luscar say that the settlement was conditional and dependent on the rest of the

contract level of \$48.30 a tonne. If, as now seems certain, the agreement is solid, the last thing it represents is a success for the buyers. The mills' practice for decades has been to seek to corral one weak member of the producers' herd and, through a series of inducements (more tonnage, a contract extention, upgrading some of the coals sold and such like), to prise out an acceptable price offer. Then, for reasons no one can quite remember, the rest of the Australian and Canadian coking coal exporters invariably follow suit.

industry accepting the new foh

Luscar certainly appears to have won an increase in the tonnage in its contracts, from around 1.4m tonnes this year, and has had its contract extended. But the problem for the mills is that no one has said: "Me too".

Polisb coke producers are scouring the international coal market for over Im tonnes of coking coal, which they believe they can obtain significantly cheaper than from their local mines, write Christopher Bobinski in Warsaw and Gerard McCloskey. Already one coke works, Zaklady Koksownice Przyjaezn, has made an approach directly to coking coal exporters, despite the fact that its plant is located on the Polish coalfields. The irony is that Poland is one of the leading coking coal exporters, although some of its customers this year have had extreme problems both in terms

of quality and reliability of supplies. Przyjaczn is not thought to he alone in searching for imports; another producer is asking for a trial consignment of 70,000 tonnes with more orders to follow if the coal tests satisfactorily. The problem for the coke oven operators is that the mines are demanding from them up to \$70 a tonne, even though the coal is

Even an attempt last Tues-

day to rush in a delegation sell-

ing Chinese coal appears to

have come to nothing. An ear-

lier attempt by the mills -known collectively as the JSM

to persuade the big Russian exporter Yakutugol to settle for a \$2 increase by claiming

that the Australians had

already agreed at that level, similarly failed. The Yakutian

sales team simply phoned the

Australian exporters to check

the validity of the claim and

The mills now appear to be

profoundly stuck and no date

has heen fixed for the next

round of negotiations. This is

the first time in the careers of

the current coal sales teams

that a deal has been reached

with a significant supplier

without the rest of the herd

found it had none.

being exported at less than half this level. Nor are international customers faring much better. Coal contracted for delivery in 1994 but which was not delivered is being offered to some customers only if they agree a much higher price for the undelivered tonnage.

Although all this is bringing severe embarrassment to the dominant exporter, Wglokoks, the problem is largely with the mines' failure to honour contractual commitments.

The coke makers' attempts to secure coal imports have so far been thwarted not by any objection by the Polisb government to imports mines minister Mr Herbert Gabrys made that clear earlier this month - but by a simple lack of supplies around the world. Their problem remains acute. One Polish analyst said last week that the high local coal prices had already "Done in' several coke producers and the ones which are still in profit won't be for much longer if things go on like this".

secure their tonnage. Delay

may see higher prices heing

posted in a series of imminent

tenders from the Indian steel

producer Visakhanatnam and

the Steel Authority of India.

Turkey's TDCI and, shortly,

By far the sternest opposition to a low price settlement with the JSM is coming from

the Australians, whose meek

acceptance of a \$3.85 cut in the

1994-95 price caused a one-week

strike and severe financial dif-

ficulties for the producers. Already a \$6.90 rise has been

demanded for poorer quality,

semi-soft, coking coal by Coal

and Allied from New South

Wales, but this demand, made

in November, is beginning to

look to the miners a touch

wimpish, Mr John Maitland,

the miners' leader, has let it be

a \$10 rise. Such is the strength of the Australian dollar that US\$5 is needed just to maintain this year's dismal price level.

In past years Maitland's claims might have embarrassed the Australian exporters, but the 1995 settlements are taking place in the first suppliers' market the industry has witnessed for years. In consequence. Maitland's threat has become Takahashi's problem. The very last thing the JSM can afford is any threat whatsoever to supplies.

The difficulty for the Japanese mills is not likely to be short-lived, with little or no expansion of export tonoage under way at the Australian mines and the progressive withdrawal of US tonnage from the market, either through closure or switching into the power station market.

Clearly world steel and, more significantly for coking coal demand, pig iron production is on the increase. In Japan the JSM predicted just 92m tonnes of steel production this year, but the figure now looks likely to be in excess of 100m tonnes. Coupled to this, emerging demand from the old eastern hloc as the eastern European steel industry recovers (Poland, the Czech Republic, Slovakia, Romania and Hungary) or as Russian supplies look less secure (Bulgaria, Ukraine and Romania) look likely to test to the limit the ability of the coking coal exporters to deliver the goods.

# Mining groups swarm around Labrador base metals project

By Kenneth Gooding,

Big mining groups have been queueing up to take an interest in the Voisey Bay nickel-copper-cobalt project in Labrador, Newfoundland, where there was a "staking rush" after its discovery was revealed in November. Within days more than 3,000 square kilometres of mining claims were staked by about 6,000 individuals and companies in the area near the deposit, about 35km south west of Nain on Lahrador's north east coast

Diamond Fields Resources, a December, 1993, and has spent Canadian company that went looking for diamonds but discovered the hase metala deposit instead, has called in Mr Robert Friedland, the controversial stock promoter and one of its biggest shareholders, to handle inquiries about Voisey Bay.

HK group

ver interes

Mr Richard Garnett, a DFR director, acknowledged yesterday that Mr Friedland was

haunted by his past association with Galactic Resources, the company that developed the ill-fated Summitville gold mine in Colorado. The US Environmental Protection Agency had to step in when Galactic declared itself hankrupt in

LINE WARRENOUN (As at Monday's di tornes		
Akuminium Akuminium alloy Copper Lead Nickel Zinc Tin	-12,825 +360 +750 -500 -600 -2,950 -40	to 1,857,275 to 30,600 to 313,775 to 333,925 to 146,568 to 1,180,525 to 27,780

more than \$100m to clean up Summitville and prevent toxic waste spilling from the mine into nearby streams that feed the Rio Grande.

Mr Friedland 'has outstanding financial skills," said Mr Garnett, so he had been invited to become DFR's co-chairman for about six months to assist in any negotiations with the 20 or so companies that had approached DFR ahout the Voisey Bay project. He said Mr Friedland would

not he involved in the day-to-day management of DFR or for any technical aspects of its operations. DFR had the cash resources to finance a full feasibility study for the project hut the directors recognised they probably did not have the skills necessary to run a large mining company.

"So we are keeping our options open and may negotiate with some or all of those [companies] that have expressed an interest. Mr Garnett, during a presen-

tation to analysts in London, said DFR had staked 1,800 sq km of prospective land around the Voisey Bay deposit and owned 100 per cent except for a 3 per cent net smelter return royalty to be paid to the two base metals explorers who first staked the area: Mr Albert Chislet and Mr Chris Verbiski. The deposit covered 1.6 sq km, "as big as those in Zimbahwe".

# Zambian copper mine for sale

By Kenneth Gooding

The first, tentative step in the privatisation of Zambia Consoldated Copper Mines will involve the sale by tender of the Chambishi copper mine, located hetween Kitwe and Chingola, which was put on care and maintenance in 1987. ZCCM said yesterday a recent feasibility study, checked by independent consultants, suggested Chambishi could produce 40,000 tonnes a

year of copper after capital ted to begin later this month expenditure of US\$100m.

The company has set tight restrictions on potential hidders, insisting that each must have a net worth of at least US\$50m, have invested not less than \$25m in a metal mining project in the past five years and operated an underground mine at a rate of not less than 2,000 tonnes of ore a day for the previous three years.

The tender process is expec-

and be completed in Septemher. To ensure "transparency tenders will be evaluated by a commission including members from ZCCM, the government, the Mineworkers Union of Zambia and the Zambia Pri-

accepting the settlement. What

Takahashi seems to be risking

is what the mills were dearly

seeking to avoid; different price levels for the Australian

and Canadian suppliers. Cana-

da's Fording had offered a \$3.90 rise just before the end of 1994

- but only on the crucial condi-

tion that the Australians

accepted \$49.35 too; nothing

the suppliers into two camps,

it is now thought likely that

last week's failure to reach a

pean mills to line up their

1995-96 supplies without

waiting for the Japanese to set

the market. There is a feeling

around of a real risk of basic

physical shortage and the

Europeans, many of whom had

problems with their 1994-95

settlement will spur the Euro-

Apart from risking splitting

vatisation Agency. Mr Michael Coulson, analysi at Nedcor Securities, said: This is good news. However, although it is a start in the ZCCM privatisation process, it is not nearly enough".

#### MARKET REPORT Coffee rally continues

London Commodity Exchange COFFEE futures ended a quiet session firmer but off the day's highs as the market responded to the latest fall in US warehouse stocks.

The March delivery position was up \$39 at \$2,840 a tonce, the third successive daily rise, having peaked earlier at \$2,865. COCOA futures closed at or near the day's highs on shortcovering amid signs of good

industry support, traders said.

The March contract was up £9 at £987 a tonne. Earlier it had slipped as low as £962. Base metals prices eased at

the close on the London Metal

Exchange on a late bout of

profit-taking, hut earlier rallies

ensured that all contracts ended up on the day. ALUMINIUM ran into chart resistance and commissionhouse selling at \$2,100 a tonne. a fresh 4! - year high.

Compiled from Reoters

#### COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE ALUMINIUM, SOT PURITY (\$ per tonne

	Cash	3 extine
Close	2057-8	2095-5.5
Previous	2050-1	2067-8
High/low	2048/2044	2100/2076
AM Official	2046-6.5	2084-5
Kerb close		2090-1
Open int.	242,234	
Total duty turnover	97,999	
M ALUMNOUM ALL	DY (S per tonn	e)
Close	1955-65	2000-5
Previous	1945-60	1988-90
High/low		2010/1990
AM Official	1950-60	1995-2000
Kerb close		2000-10
Open int.	2,728	
Total daily turnover	1,065	
LEAD (\$ per sonne		
Close	645-6	662-4
Previous	653-4	670-1
High/low	846	673/660
AM Official	646.5-7	661-2
Kerb ctoss	40.546	673-4
Open Int.	7,122	
Total daily turnover		
M NICKEL & per tor		
Close	9660-70	9835-40
Previous .	9550-60 9560	9720-30 9900/9720
High/low		9725-30
AM Official Karb cicee	9565-00	9900-10
Open Int.	63.299	3500 10
Total daily tumover	21,569	
TIN (5 per tonne)		
Close	a145-55	6235-40
Previous	e165-75	6250-60
High/low	3.00 .0	6290/6220
AM Official	9135-40	6220-5
Kerb close	3.55	6270-80
Open int.	21,459	
Total daily turnover	6,088	
<ul> <li>ZNC, special high</li> </ul>	grade (S per	
Close	1144-5	1170-1
Previous .	1141-2	1166-7
High/low	1141	1185/1167
AM Official	1141.5-2	1185-6
Kerb close	102,964	1100-0
Open int. Total daily turnover	22,530	
EL COPPER, grade A		
Close	2973-6	2982-5
Cacse Previous	2963-5	2995-6
High/low	2000	2986/2953
AM Official	2944-6	2955-6
Kerb close	2011	2987-8
Open Int.	245,279	
Total daily turnover	93,204	
III LINE AM Official	2/\$ rate: 1.50	67
LIME Closing 2/\$	rete: 1.5670	

576 52,061 PRECIOUS METALS M LONDON BULLION MARKET

\$ price 377.80-378.20 377.90 379.80 Alternoon fix Day's High 380 00-380 40 377.50-377.90 377.40-377.90 Loco Ldn Mean Gold Lending Rates (Vs USS) 2 months

Sport 1.5680 3 mithe: 1.5672 6 mithe: 1.5657 9 mithe: 1.5648

140.60 42.90 140.80 187.80 2210 139.70 +3.05 139.90 199.70 396 138.65 +3.20 139.50 185.60 29,665 137.05 +2.85 137.20 157.00 944 134.95 +2.80 135.50 132.50 5,737

480.00 488.70 494.85 513.35 328.16 5 price 379-382 390-25-392-75 **Gold Coin** Krugerrand Maple Leaf

Precious Metals continued M GOLD COMEX (100 Tray oz.; S/tray oz.) 380.3 +24 - - - 1251 380.6 +23 381.4 377.8 77,757 12,251 382.4 42.3 382.8 381.5 4 - 384.2 42.3 382.8 381.5 24,200 2,201 387.9 42.3 383.5 383.5 26,254 580 382.2 +24 388.6 380.6 13,703 17 415.9 +3.8 415.0 414.5 62 M PALLADRUM NYMEX (100 Troy oz.; S/troy oz.) 200 16 7,232 219 M SELVER COMEX (100 Troy oz.; Cents/troy oz.) +5.1 +5.0 493.0 479.5 98.006 8 i +5.0 499.5 495.0 13,081 7 +5.0 505.0 492.0 7,271 0 +5.1 507.0 467.0 9,670 131,358 8424 845 341 17 **ENERGY** CRUDE OIL NYMEX (42,000 US galls, S/berrel) 18.02 +0.14 18.12 17.87 47.077 32.877 17.82 +0.14 18.00 17.76 07,158 41.375 17.82 +0.11 17.90 17.75 38.338 15.085 17.76 +0.11 17.83 17.71 18.099 4,161 17.72 +0.09 17.86 17.88 30,702 3,758 16.27 22.056 6,159 16.30 9,093 829 16.34 10,088 979 16.35 5,183 91 136,545 97,753 HEATING OIL NYMEX (42,000 US galls.; C/US galls.) III GAS OIL PE (\$/tome) Satt Day's price change High Lear lat. 145.25 +8.75 145.59 145.25 17.837 145.00 +2.75 145.25 146.00 7.590 145.25 146.00 7.590 145.25 146.00 7.590 145.25 146.00 7.590 145.25 146.00 7.590 145.25 146.00 7.590 145.25 146.00 7.590 145.20 +2.25 146.25 146.50 2.761 148.50 +1,75 148.75 147.00 8,004 150.50 +2.25 150.50 148.50 2,337 89,472 24,849

M NATURAL GAS NYMEX (10,000 municul; Symmötil) 1,420 +0,030 1,440 1,385 23,561 18,874 1,450 +0,020 1,475 1,430 23,971 6,083 1,500 +0,015 1,520 1,435 12,085 2,297 1,530 +0,012 1,540 1,513 11,024 944 1,550 +0,007 1,570 1,543 9,199 1,197 1.580 +0.010 1.800 1.570 10,447 825 152,568 21,411 III UNILEADED GASOLINE MMEX (42,000 LIS galls.; c/US galls.) | Latest Day's | Open | price change | High | Low | int | Vol | 57.50 | +0.62 | 58.00 | 56.85 | 20.361 | 15.644 57.58 +0.51 58.00 58.05 15,158 55.25 +0.26 57.60 58.00 13,112 58.50 +0.30 56.00 13,112 58.50 +0.30 56.00 56.00 3.254 58.10 +0.40 58.10 56.00 1,348

GRAINS AND OIL SEEDS SOFTS WHEAT LCE (C per torne) E COCOA LCE (Cronne) 108.25 +0.80 108.30 107.80 224 64 Mar 108.95 +0.85 108.90 105.70 1,733 75 May 110.70 +0.50 110.70 110.80 1,266 60 Jai 112.40 +0.80 - 331 - Sep 97.65 +0.25 97.75 97.75 90 15 Dec 98.70 +0.30 98.75 98.95 1,410 125 Mar 7 mind +2/4 386/0 386/0 35.519 0.445 +2/0 370/2 367/2 8,855 2,402 +2/4 351/0 347/4 17,424 3,901 +2/6 355/4 352/0 967 71 +2/4 365/2 362/0 483 137 +3/0 367/0 365/0 13 MAIZE CET (5,000 bu min; cents/56to bushel) 235/4 +1/0 236/4 23/4/118.781 17.775
241/4 +0/6 243/0 241/0 63,153 4,238
245/6 +0/6 247/2 245/0 57,110 4,870
245/2 +0/4 250/0 245/0 8,857 628
262/2 +0/4 255/4 252/2 42,596 3,845
258/6 +0/2 260/0 258/6 4,848 67 M BARLEY LCE (E per torme) 575 555/2 +240 559/0 556/0 1,952 1,057 538/6 +2/2 553/0 556/0 57,456 17,650 536/6 +2/4 570/0 566/0 23,966 4,949 572/6 +2/6 576/0 572/0 2,956 3,930 576/0 +3/2 577/4 575/0 2,859 225 578/6 +4/2 579/0 577/0 2,857 231 578/6 +4/2 579/0 577/0 2,857 231 137,879 29,808 SOYABEAN OF CET (80,000ths; cents/b) 28.31 +0.44 28.40 28.03 6.384 2.450 28.67 +0.38 26.78 28.42 38.346 15.249 25.71 +0.29 25.78 28.53 20.546 4.262 25.21 +0.18 26.25 25.10 13.175 2.754 4.94 24.77 +0.12 24.80 24.70 4.425 25.7 SOYABEAN MEAL CET (100 tone; \$/ton) 157.7 +2.8 158.4 155.8 1,005 604 180.2 +1.7 161.3 158.8 41.520 8,885 162.9 +1.5 164.0 162.3 19.61.2 2,133 166.4 +1.3 167.5 168.2 19.61.2 2,133 168.2 +1.3 189.2 107.8 4,577 595 1,70.1 +1.2 171.0 169.9 3,800 271 20.285 13.122 99,935 13,122 POTATOES LCE (C/tonne) 297.8 +18.0 -319.5 +22.0 320.0 30 390.0 +8.5 -250.0 - --50 -70 -72 -80 -70 -68 2067 2085 2081 2040 2025 2018 2040 2045 1780 Close Prise 2071 2067

Minor Wotals
European tree market, from Metal Bulletin. S
per ib in warshouse, unless otherwise stated
(lest week's in brackets, where changed. Antimore; 99.6%, S per torne, 5,000-5,200 6,3005,400, Bismuttin min. 99.5%, tone lots 3.553.85. Cadmitum: min. 99.5%, tone lots 3.55(160-170) cents a pound. Cobait: MS free
market, 99.8%, 28.25-30.00 (29.50-30.25);
99.3%, 27.00-27.50 (27.00-27.70). Mercury:
min. 99.99%, 3 per 76 fb flask, 130-145(125-145). Molybdarum: drummed molybdacodde, 15.50-16.50 (16.50-18.00). Selemium:
min 99.5%, 3.45-4.50. Tumpsten ora: standard
min. 65%, 5 per tonne unit (10kg) WO., cfi,
47-60. Vanadhum: min. 98%, cfi, 4.10-4.20
(3.25-3.75). Uranisum: Nuesco exchange value,
7.20.

987 962 37,989 2,937 988 984 19,129 2,213 993 975 9,248 475 1008 988 15,218 206 1020 1600 12,380 287 Mar May Jul Sep Dec Mar Total 1286 31,861 2,958 1315 15,884 1,107 1340 7,646 84 1370 2,585 12 1390 4,382 8 - 8,771 - 238 1336 1364 1392 1409 1431 1436 +28 +29 +33 +31 +35 +25 1365 1392 1389 1432 77,318 4,287 COCOA (ICCO) (SOR's/tonne) Jan Mar Mar May Jel Sep Nov Total +31 2829 2815 245 55 +38 2855 2810 15.587 2,381 +34 2830 2790 7,479 1,224 +10 2795 2780 2,359 198 +22 2810 2775 3,086 25 +35 536 -COFFEE 'C' CSCE (37,500fbs; cunts/fbs) Mar Mar Jel Sep Dec Mar Total 170.30 +1.65 171.75 169.10 15.281 4.333 171.50 +1.55 177.75 169.10 15.251 171.55 +2.05 172.75 170.40 8,433 172.15 +1.65 173.70 171.50 3,627 173.30 +1.35 174.00 172.75 2,930 173.00 +2.50 174.00 172.40 2,933 171.90 +2.40 - 284 COFFEE (ICD) (US conts/pound) NoT PREMIUM RAW SUGAR LCE (certs/be) 14.51 +0.38 14.78 +0.36 14.78 -12.50 -11.95 -■ WHITE SUGAR LCE (\$/tonne) 400.7 +6.4 402.0 354.3 14,110 2,628 397.3 +6.1 388.0 381.2 5,2634 1,037 396.1 +6.2 387.0 380.0 4,902 107 396.5 +7.1 386.3 348.5 1,888 254 390.0 +7.1 - 135 - 136 344.5 +7.2 342.5 342.0 259 26 28,582 4,182 # SUGAR "11" CSCE (112,000lbs; cents/bs) 14.42 +0.49 14.45 14.00 68.667.21.943 14.52 +0.38 14.55 14.18 41,441 7.595 14.12 +0.39 14.14 13.82 26,173 4.459 15.26 +0.31 13.89 12.89 30.75 2.107 12.70 +0.20 12.78 12.59 3.237 717 12.60 +0.16 12.70 12.45 2.577 17 18.00.66.67,169 COTTON NYCE (50,000ths; cents/fbs) 83.95 +1.01 90.10 83.25 23.937 5.907 89.74 +0.95 88.90 88.14 15.921 3238 87.40 +1.28 88.40 87.75 10.448 2.344 80.43 +0.95 80.50 78.41 3,443 537 74.47 +0.29 74.09 75.05 389 88 71.404 13.918 ■ ORANGE JUICE NYCE (15,000lbs; cents/fbs) 103.80 +2.00 - 6 2 107.00 +1.80 107.00 103.80 18.272 1.573 110.55 +1.75 119.25 107.85 3,031 459 113.30 +1.75 113.80 113.50 2,044 42 117.05 +1.55 117.05 118.00 2,516 1 118.70 +1.50 118.70 118.70 1.825 2 27,410 2,119 VOLUME DATA

Open inferest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in errears INDICES

REUTERS (Base: 18/9/31=100) ■ CRB Putures (Base: 1967=100)

MEAT AND LIVESTOCK I LIVE CATTLE CME (40,000bs; cents/bs) | Set | Bay's | Deen | Deen | Price | Charge | Flight | User | Inct | Val |
73.825 +0.900	73.975	73.000	27.788	4.001			
74.475 +0.575	74.825	74.100	32.906	4.310			
87.775 +0.480	67.925	67.475	10.299	1.494			
64.850 +0.325	65.250	84.700	4.554	368			
65.875 +0.550	68.025	65.450	667	114			
66.825 +0.825	66.800	68.200	201	15			
78.885	10.477	78.885	10.477	78.885	10.477		
78.885	10.477	78.885	10.477	78.885	10.477	78.885	10.477
78.885	10.477	78.885	10.477	78.885	10.477	78.885	10.477

42.350 +4.475 42.850 41.750 885 43.175 +0.025 43.800 42.925 886 41.050 +0.050 42.050 41.050 279 50.500 +0.250 50.500 50.500 37 LONDON TRADED OPTIONS

Strike price \$ torms -- Calls -- -- Puts --E ALUMONIUM 198 149 129 2150 ..... ■ COPPER COFFEE LCE E COCOA LCE

LONDON SPOT MARKETS Dubai Brent Blend (deted Brent Blend (Mar) W.T.I. (1pm est) \$15.91-6.00t

■ Otl. PRODUCTS NWE prompt delivery CIF (tonne) \$164-185 Heavy Fuel Oil Naphthe Jet fuel OTHER Gold (per troy oz)# Silver (per troy oz)# Pletinum (per troy oz.) +8.0 +2.00 +1.50 Pallecitum (per troy oz.) \$154.75 -2.0 142.0c Copper (US prod.) Lead (US prod.) Tin (Kusia Lumpur) Tin (New York) 42.25c 15.35m 288.5c +0.05 +3.0 Cattle (I've weight)†
Sheep (I've weight)† 120.75p -1.36° -0.77° 115.640 79.35p

\$340.10

-10.6

+12.5

Lon, day sugar fraw Lon, dey sugar (wto Tate & Lyle export \$388.0 2331.0 Barley (Eng. feed) Maize (US No3 Yellow) £141.0 Wheat (US Dark North €165.0 Rubber (Feb)♥ Rubber (Mar)♥ 114,50p Rubber (Mar)♥ Rubber (KLRSS No1 Jul) 115.00p 417.0m \$615.0y \$850.0u Coconut Oil (Phi)§ Palm Of (Malay.)§ Copra (Philis Soyebeans (US) \$396.0q £170.0

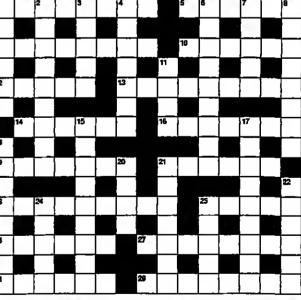
Cotton Outlook'A' Index

482p

Of broking and jobbing the Pelikan's fond, See hore sweetly he puts your word onto bond. Selikan 🛇 **JOTTER PAD** 

#### CROSSWORD

No.8,663 Set by VIXEN



**ACROSS** 1 Give voice about a North
European striking (8)
5 Trains on the firm's horse (6)
9 To set a value on a paper is
(5)
8 Composed a verse

13 Dissolute characters expected 17 Military command looks good

16 The famous, not all of them 20 Quits when flush (4) 19 Excuse to make a sailing man clear up (7) 21 Going over the head, hranch

23 A piece intended to be voiced flat (9) 25 Only a few will be there for a change (5) 26 Mark requires quarters with a bed in (6) 27 Write label - over a certain

28 Digs accommodating many little people (6) 29 Break or rest's a necessity, he avers (8)

There's panic about the cold if exceptional (8)
 Sounds like a priest perhaps

3 Post soft flimsy stuff (5) 4 Got comfortable home and got

6 Leisure should include ever 7 Backing keen single woman

tricky (8)

10 A means of support? Not in the main (6)

12 Few put inside mind – that's grave (5)

Ravens" (6)

11 A president without money but with some power (4)

15 Giving up drink, a board will be pleasant (9)

to reform in it rebel (9)
14 DnII-witted goody-goody 18 The fool rushed around, being annoyed (8)

21 This is simple, so there aren't any pictures (7) 22 Fancy men are less generous (6) 24 Browning's time for nostalgia

25 A tribnte paid in parliament it heartened a minister (5)



#### **CURRENCIES AND MONEY**

#### **HARKETS REPORT**

# Dollar advances after strong output figures

The dollar advanced modestly havens, shifted funds into the on a broad front as strong industrial production data increased expectations of a US rate rise at the end of this month, writes James Harding.

The earthquake in Japan had little impact on the yen. In Europe, the Italian lira and Spanish peseta escaped heavy pressure until just before the close in London when doubts emerged about the stability of the new Italian government.

The market took a differentiated view of the Canadian dol-lar and Mexican peso. The Canadian dollar stayed under pressure in spite of higher official interest rates. The Mexican peso, although closing lower in London at 5.43 pesos to the dollar against 5.35 pesos on Monday, gained support from a successful tesobonos

■ Investors in Tokyo initially took fright at the earthquake, and, in a new twist to the current trend towards safe

dollar. However, these flows quickly reversed on speculation that Japanese insurance companies would repatriate capital to meet reconstruction claims. Further, some analysts predicted the earthquake could rekindle economic activity.

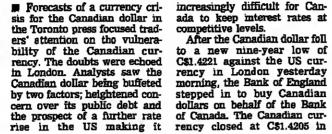
The volume of theories on the earthquake's potential impact was inversely proportional to the volume of trade. Traders said they were hesi-tant about taking bold positions until they had an idea of how Japanese institutions would respond.

■ Tradors showed wavering enthusiasm for the dollar. It lifted immediately after the US announced a rise in December industrial output of 1.0 per

■ Poœ	nd in New Yor	k
Jan 17	Latest	- Prev. close -
toga 2	1.5690	1,5677
1 mth	1.5687	1.5674
3 mth	1.5682	1.5672
1 yr	1,5651	1.5642

cent, the strongest figure since November 1992, coupled with a capacity utilisation figure of 85.4 per cent, the highest rate sinco October 1979. The evidence of strong growth trig-gered concern about inflationary pressure and expectations that the Federal Reserve Open Market Committee meeting at the end of the month would now have little excuse not to

raise interest rates. The close in London showed the dollar up to Y99.075 compared with Y98.125 on Monday and at DM1.532 over DM1.5282 the previous day.



Against the US\$ (CS per 5) 1.38 ~ 1.38 -----Oct 1994

increasingly difficult for Can-ada to keep interest rates at

competitive levels.

After the Canadian dollar foll to a new nine-year low of C\$1.4221 against the US currency in London yesterday morning, the Bank of England stepped in to buy Canadian dollars on behalf of the Bank of Canada. The Canadian cur-

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

in early Toronto trading to. CS1.4240. A rise in the floor of The pound's fate continued the Bank of Canada's call loan rate to 6.75 per cent from 6.25 per cont was followed by

■ The hesitancy in dollar-yen markets following the earth-quake contributed to a quiet

The hesitancy in dollar-yen colm Barr, International Economist at Chemical Bank.

Sterling closed at DM2.3993 day on the European crosses. The Spanish peseta closed at Pta86.99 to the D-Mark compared with Pta87.03 on Monday. Against the D-Mark, the lira closed unchanged in Lon-don from Monday's finish at

However, news that outgoing promier Silvio Berlusconi's Freedom Alliance would not support Mr Lamberto Dini's technocrat government shook confidence in the Italian currency. The lira plunged in early New York trading to L1060. The French franc fin-ished at FFr3.457 against the

London against Monday's D-Mark after Monday'a CSI.4129 and weakoned further FFr3.459.

to rest in the hands of other leading currencies. "Sterling is caught between a weak dollar higher commercial interest and a strong D-Mark and is not being sold for any sterling-specific reasons," noted Mr Mal-

> Sterling closed at DM2.3993 up slightly from Monday's finish of DM2.3988, but lower against the dollar at \$1.5662 compared with Monday's

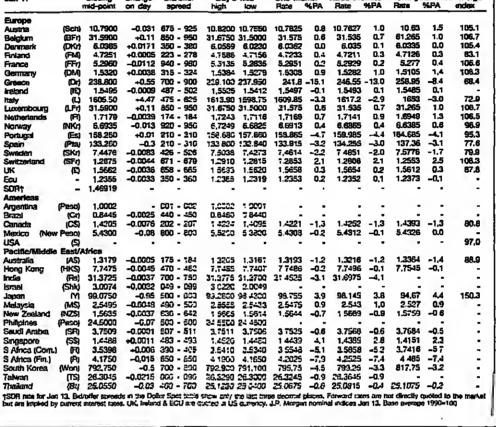
> The Bank of England forecast a money market shortage of £1.05bn. It provided regular assistance of £198m and late assistance of £860m.

Jan 17	£	\$
Harpey	177.656 - 177.892	113.460 - 113.590
iran 💮	2731.00 - 2734.00	1748.00 - 1750.00
Kewell	0.4680 - 0.4684	0.2989 - 8.2990
Potand	3.7892 - 3.7925	24200 - 24210
Russia	6114.45 - 6119.15	3904 00 - 3907.00
UAE.	5.7506 - 5.7539	35725 - 3,6731

MONEY RA	TES			Sha	One	Lomb	Dis.	Rec
Jensery 17	Over	One month	Tives mile	Ungus Sox	Adqu	inter.	rate .	100
Beleium	4%	5!4	5	574	04	7,40 7,40	4.50	
Mosk ado Reignen	47	614	5	53	6	5.00		4
Prance	54	52	5	674	8	5.00		B.
week ago	51	53	O	8!5	7	6.00	4.50	4
Gennany	4.63	6.00	5.10	5,30	5.80	8.00	4.50	- 23
Mesk DGO	4.98	5.00	6,15	5.35	5,85	8.00		. 6.
meter offo	51	5%	64	62	744	•	· · · ː _	8
week ado	54	5%	O.	64	7.	-	7.50	į.
	84	833	83	97	104	-	7.50	. E.
tely week AGC	81	811	9 2	10	105	-	5.20 .	
Netherlands	4.84	5.09	5.18	5.39	5.90	-	5.25	
week 800	4.84	5.09	5,21	5.45	6.97		3.50	(*) e
Switzeriand	314	374	4.5	45	47	6 625 6,625	3.50	
waak ago	34	3%	41	44	42	9,020	4.75	٠.,
US	54	52	635	81	7%	-	4.75	
waak ago	54	511	6	0.7	7**	- '	1.75	. ' '
Japan	24	23	24	236	2å	.=	175	•
week ago	24	24	24	2.	21		1.75	<u> </u>
\$ LIBOR FT LO	ndon				75			
Interbenk Fiding	-	574	64	54	74	_		
week ago	<b>-</b> .	5%	69ú	63	. 7분		• • •	
US Dollar CDs	_	5.84	6.00	6.38	7.05		-	
week BGC	_	5.64	6.19	6.59	7.45	',	4.	
SDR Linked Da	-	4.56	4,94	5.25	5.80		·. =.	
	_	4.56	4,94	5.25	5.69	-	•	
Week ago ECU Linked De mid gas are offered son day. The bents are laid natus are shown		u dennes e			and Albert	real Illesia	ringler_	
EURO CUR	RENC	Y INT	ERES	T RA	TES	e i		
Jen 17	Short	7 de		One	Three		be .	On
					month			700

Belgian Franc	411	- 4祖 5 -			51 <sub>2</sub> - 51 <sub>6</sub>	5월 - 5월	64 O4
Danish Krons				- 55	O₁* • 8	0 - 6	7. 7.
D-Mark			- 45 4	- 42	5 <sup>1</sup> e - 5	5 2 - 5	왜 왜
Dutch Guilder	54	-5 5 <sup>1</sup> e	- 5 5		54 - 54	5 6	
French Franc	54	-64 54	-54 54		5월 - 6년	614 - 614	en - en
Portuguese E					05 - 104	11 % - 11 e	107 - 107
Spanish Pasa					59 - 84	7 - 64	74
Sterling					6½ - 6½	4 4	41 - 44
Swiss Franc					44 - 34 74 - 74	0.2	9 - 84
Can. Dollar	64					84 - 64	134 - 14
US Dollar	54				6월 - 6월 9월 - 8월	911 - 91	10. 100
Italian Lira					24 - 21	213 - 211	217 - 215
Yen Asian \$5ing	37				43 - 46	43 44	43 - 43
Asian 4548) Short term old							
THOUSE A	KONTH I	PIBOR FUT	HEES MA	DF) Paris	Interbenk	ettered rate	
	Open	Sett price	Change	High:		Est. Vol	Open Int.
			+0.05	93,66	93.61	23,129	52,603
Mar	93.62	93.65 93.14	+0.03	93.17	93.12	14,858	55,964
Jun	93.12	93.14	+0.04	92.80	92.84	4,967	33,200
Sep	92.85	92.59	+0.03	92.62	92.58	3,311	20,030
Dec	92.59	W2.59	+0.03	STOS	WZ-50	4011	Eulera .
THREE !	HTHOS	EURODOLL	AR (LIFFE)	Sim pol	nts of 1001	K	
	Open	Sett price	Chenge	High	- Low	Est. vol	Open Int.
Mar	93.31	93.24	0.00	93.31	98.31	100	1555
	33.01				. 600		015
L		D2 E2	-0 11				
		92.53	-0.11	>	5 6 7		
Jun Sop Doc <b>THREE</b> I	RONTH 1	92.53 92.17 91.86 EUROMARI	-0.11 -0.06	* CHTO	DM1m po	0 0 inde of 1009	177
Sep Dec	Open	92.17 91,86 EUROMARI Sett price	-0.11 -0.06 PUTURAL Change	High	Low	C C Indus of 1009 Eat, val	Open ent.
Sep Dec THREE I	Open 94,62	92.17 91.86 EUROMARA Sett price 94.59	-0.11 -0.06 PUTURE Change -0.02	14gh 94.63	Low 94.57	0 0 Inter of 1009 Est, val 28050	177 0 Open int. 196669
Sep Dec 1147EE 1 Mar Jun	Open 94,62 94,21	92.17 91.86 EUROMARIA Sett price 94.59 94.15	-0.11 -0.06 PUTURE Change -0.02 -0.03	94.63 94.22	Low 94.57 94.16	0 0 Inter of 1005 Set, vol 28056 32178	177 0 Open est. 196569 146965
Sep Dec THREE I Mar Jun Sep	Open 94.62 94.21 93.84	92.17 91.86 EUSTONEARS Sett price 94.59 94.15 93.78	-0.11 -0.06 Change -0.02 -0.03 -0.04	94.63 94.22 93.85	Low 94.57 94.16 93.75	0 0 6st, vol 26056 32179 14608	177 C Open int. 196569 148925 92290
Sep Dec THREE I	Open 94,62 94,21 93,84 83,48	92.17 91.86 EUROMANN Sett price 94.59 94.15 93.78 93.40	-0.11 -0.06 I PUTUMA Change -0.02 -0.03 -0.04 -0.04	94.63 94.22 93.85 93.47	Low 94.57 94.16 93.75 93.38	0 0 Index of 1009 Set, val 20056 32179 14009 7886	177 0 Open st. 196569 146825 92292 60662
Sep Dec THREE I Mar Jun Sep	Open 94,62 94,21 93,84 83,48	92.17 91.86 EUROMANN Sett price 94.59 94.15 93.78 93.40	-0.11 -0.06 I PUTUMA Change -0.02 -0.03 -0.04 -0.04	94.63 94.22 93.85 93.47	Low 94.57 94.16 93.75 93.38	0 0 Index of 1009 Set, val 20056 32179 14009 7886	177 0 Open st. 196569 146826 92290 60662
Sep Dec THREE I	Open 94,62 94,21 93,84 83,48	92.17 91.86 EUROMANN Sett price 94.59 94.15 93.78 93.40	-0.11 -0.06 I PUTUMA Change -0.02 -0.03 -0.04 -0.04	94.63 94.22 93.85 93.47	Low 94.57 94.16 93.75 93.38	0 0 Index of 1009 Set, val 20056 32179 14009 7886	177 0 Open st. 196569 146826 92290 60662
Sep Dec THREE I	Open 94.62 94.21 93.84 93.48 809778	92.17 91.86 EUROMARIN Sett price 94.59 94.15 93.78 93.40 EUROLIRA	-0.11 -0.08 CPUTURNS Charge -0.02 -0.03 -0.04 -0.04	Mgh 94.63 94.22 93.85 93.47	10W 94.57 84.16 93.75 93.36	0 0 0 1005 5et, vol 2005 3217 1480 786 1786	177 0 Dpen est 198569 148266 92290 68852 te of 10056
Sep Dec 114768 3 Mar Jun Sep Dec 11 THRISE 1	Open 94.62 94.21 93.84 93.48 809778 1 Open 90.20	92.17 91.86 EUROMANU Sett price 94.59 94.15 93.78 93.40 EUROLINA Sett price	-0.11 -0.08 Charge -0.02 -0.03 -0.04 -0.04 INT.JIATE Charge	High 94.63 94.22 93.85 93.47 FUTURE High	Low 94.57 94.16 93.75 93.38 98 (LITTE) 1 Low	0 0 0 5et, vol 26056 32179 14809 7885 .1000m poir	177 0 196569 146966 92599 68652 68652 68652 68652
Sep Dec 11445 1 Mar Jun Sep Dec 11445 1	Open 94.62 94.21 93.84 93.48 809778	92.17 91.85 EUROMANN Sett price 94.59 94.15 93.78 93.40 EUROLINA Sett price 90.24	-0.11 -0.06 Change -0.02 -0.03 -0.04 -0.04 RMT.MATE Change +0.04	High 94.63 94.22 93.85 93.47 FUTURE High 90.31	Low 94.57 94.16 93.75 93.38 98 (JFTS) 1 Low 90.00	0 0 6et. vol 28056 32172 14609 7885 1000m poin 5et. vol 12982	177 G 186569 145826 145826 145826 145826 145826 145826 145826 145826 145826 145826 145826 145826 145826 145826 145826 145826
Sep Dec 114768 3 Mar Jun Sep Dec 11 THRISE 1	Open 94.62 94.21 93.84 83.48 606778 Open 90.20 89.56	92.17 91.85 EUROMANU Sett price 94.59 94.15 93.78 93.40 EUROLINA Sett price 90.24 89.64	-0.11 -0.06 Change -0.03 -0.04 -0.04 MT_MATE Change +0.04 +0.03	High 94.63 94.22 93.85 93.47 FUTURE High 90.31 89.71	Low 94.57 94.16 93.76 93.38 (LIFTE) 1 Low 90.00 89.47	0 0 0 8et, vol 26566 32179 14605 7886 1000m poir 6st, vol 12062 4806 8371	Conn. st. 196569 146925 92234 65652 ta of 10016 Open int. 36903 20539
Sep Dec I THREE I Mar Jun Sep Dec II THREE I	Open 94.62 94.21 93.84 83.48 8061718 1 Open 90.20 69.56 89.21 89.05	92.17 91.86 EUROMARIN Sett price 94.59 94.15 93.78 93.40 EUROLIRA Sett price 90.24 89.64 89.29	-0.11 -0.06 Change -0.02 -0.03 -0.04 -0.04 -0.04 MT_MATE Change +0.04 +0.03	High 94.63 94.22 93.85 93.47 FUTURE High 90.31 89.71 89.36 89.15	Low 94.57 94.16 93.75 93.38 98 (LFFS) 1 Low 90.00 89.47 86.21 88.00	0 0 0 8et, vol 26056 32172 14609 7865 17000m poir 6st, vol 12062 4906 2371	Open st. 198569 146865 9229 69652 twof 10056 Open int. 56003 20039 26509 15398
Sep Dec I THREE I Mar Jun Sep Dec II THREE I	Open 94.62 94.21 93.84 83.48 8061718 1 Open 90.20 69.56 89.21 89.05	92.17 91.85 EUROMANN Sett price 94.59 94.15 93.78 93.40 EUROLERA Sett price 90.24 89.64 89.29 89.07	-0.11 -0.06 Change -0.02 -0.03 -0.04 -0.04 -0.04 MT_MATE Change +0.04 +0.03	High 94.63 94.22 93.85 93.47 FUTURE High 90.31 89.71 89.36 89.15	Low 94.57 94.16 93.75 93.38 98 (LFFS) 1 Low 90.00 89.47 86.21 88.00	0 0 0 8et, vol 26056 32172 14609 7865 17000m poir 6st, vol 12062 4906 2371	Open st. 198569 146865 9229 69652 twof 10056 Open int. 56003 20039 26509 15398
Sep Dec THREE : Mar Jun Sep Dec THREE :	Open 94.62 94.21 93.84 83.48 ROSTRE 90.20 89.56 89.21 89.05 ROSTRE 90.00 THE PROPERTY OPEN PROPERTY	92.17 91.86 EUROMANIE Sett price 94.59 94.15 93.78 93.40 EUROLURA Sett price 90.24 89.64 89.64 89.67 EUROCURA Sett price	-0.11 -0.08 E PUTUNE Change -0.02 -0.04 -0.04 -0.04 -0.04 +0.04 +0.08	High 94.83 94.82 93.85 93.47 PUTUNE High 90.31 89.71 89.75 89.15 PUTUNE High	Low 94.57 94.16 93.75 93.38 18 (LIPPS) 1 Low 90.00 96.47 96.21 88.00 18 (LIPPS) 1	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	177 0 19559 14969 14969 14969 14969 14969 14969 15368 161109 15368
Sep Doc THREE I Mar Jun Sep Dec THREE I Mar Jun Sep Dec	Open 94.62 94.21 93.84 83.48 ROSTRE 1 89.05 89.56 ROSTRE 1 Open 95.86	92.17 91.85 EUROMEARN Sett price 94.59 94.15 93.78 93.40 EUROLERA Sett price 90.84 89.29 89.84 89.29 Sett price 90.84 89.29 Sett price 90.84 89.85 89.87 Sett price 90.84 89.85 89.87 Sett price 90.84 89.85 8	-0.11 -0.08 E PUTUNE Change -0.02 -0.04 -0.04 -0.04 -0.04 +0.04 +0.08	High 94.63 94.22 93.85 93.47 FUTURE High 90.31 89.71 89.35 89.15 FUTURE	Low 94.57 94.16 93.75 93.36 96.(LPPS) 1 Low 90.00 89.47 68.21 80.00	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	177 0 18559 14569 9229 95682 85682 85682 15363 15365 05 100%
Sep Doc THREE I Mar Jun Sep Dec THREE I Mar Jun Mar Jun	Open 94.62 94.21 93.84 83.48 80.6774 Open 90.20 89.56 89.21 89.05 60.6774 Open 95.86 95.34	92.17 91.85 EUROMARIN Sett price 94.59 94.15 93.78 93.40 EUROLURA Sett price 90.24 89.64 69.29 MILITIO SWINS Sett price 95.32	-0.11 -0.08 E PUTUNE Change -0.02 -0.04 -0.04 -0.04 -0.04 +0.04 +0.08	High 94.63 94.22 93.85 93.47 PUTUNE High 90.91 89.75 89.15 PUTUNE High 95.66	Low 94.57 94.16 93.75 93.38 98 (1975) 1 Low 90.00 86.47 86.21 88.00 95.62	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	177 0 19650 14660 50230 6082 to of 10056 Coper list, 5603 30333 26502 1506 of 10056 Coper list,
Sep Dec THREE I Mar Jun Sep Dec THREE I Mar Jun Sep Dec	Open 94.62 94.21 93.84 83.48 804711 Open 90.20 89.55 89.05 89.05 89.05 95.84 95.34 95.04	92.17 91.86 EUROMANN Sett price 94.59 94.15 93.78 93.78 93.40 EUROLIRA Sett price 90.24 89.64 89.64 89.67 EURO SWINS Sett price 95.64 95.64 95.04	-0.11 -0.08 I PUTUNNI Change -0.03 -0.04 -0.04 -0.04 -0.04 +0.09 -0.05 -0.04 +0.09 +0.01	High 94.63 94.22 95.85 90.31 90.31 89.71 89.75 89.15 FUTURE High 95.34 95.34 96.05	Low 94.57 94.16 93.75 93.38 96.1479 10.00 80.47 86.21 88.00 16.679 96.52 96.50	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	177 0 19559 19559 19582
Sep Doc THREE I Mar Jun Sep Dec THREE I Mar Jun Sep Dec	Open 94.62 94.21 93.84 83.86 1001714 1	92.17 91.86 Sett price 94.59 94.15 93.78 93.40 EUROLINA Sett price 90.24 89.64 89.29 80.07 EURO SWISS Sett price 95.64 95.32 95.64 94.81	-0.11 -0.08 I PUTUNNE Change -0.03 -0.04 -0.04 MT.RATE +0.09 +0.04 -0.04 +0.09 +0.01 +0.01	High 94.63 94.22 93.85 93.47 FUTURE High 95.31 86.71 89.75 89.15 FUTURE High 95.86 95.36 95.36 94.80	Low 94.57 94.16 93.58 93.38 96.07 90.00 89.47 86.87 1.0w 96.68 96.59 94.79	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	177 0 Dpen std. 195569 145669 16562 16560
Sep Dec THREE I Mar Jun Sep Dec THREE I Mar Jun Sep Dec	Open 94.62 94.21 93.84 93.86 90.21 89.56 89.21 89.05 00017H Open 95.86 95.34 95.04 94.78	92.17 91.86 EUROMANN Sett price 94.59 94.15 93.40 EUROLINA Sett price 90.24 89.64 89.29 80.07 EURO SWISS Sett price 95.54 95.54 94.81 94.81 94.81	-0.11 -0.08 I PUTUNNE Change -0.02 -0.04 -0.04 -0.04 -0.04 -0.04 -0.04 -0.04 -0.04 -0.04 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05 -0.05	High 94.63 94.22 93.85 93.47 FUTURE High 90.31 89.75 89.15 FUTURE High 95.86 95.35 94.60 94.60 95.05	Low 94.57 94.16 93.75 93.36 93.76 10.00 80.47 86.27 86.20 14.69 96.30 94.79 94.79	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Copen tet. 196569 149696 149696 149696 149696 149696 149696 149696 15396 15396 15396 15396 15396 15396 15396 15396 15396 15396 15396 15396 15396 15396 15396
Sep Dec II THREE II Mar Jun Sep Dec III THREE II	Open 94.62 94.21 92.84 83.48 80.4714 90.20 89.56 89.21 Open 95.86 95.34 94.79 80.0714 Open	92.17 91.86 Sett price 94.59 94.15 93.78 93.40 mutroLarra Sett price 90.24 89.29 89.64 89.29 89.64 89.29 89.64 89.29 89.64 89.29 89.64 89.29 89.64 89.29 89.64 89.29 89.64 89.84 89.	-0.11 -0.08 I PUTUME Change -0.03 -0.04 -0.04 NOT.RATE Change +0.03 +0.03 +0.03 -0.04 Change Change Change Change	High 94.69 94.25 93.47 PUTUNE High 90.31 89.71 89.36 89.15 PUTUNE High 95.34 95.05 95.34 95.05 Ecuting High	Low 94.57 94.16 93.75 93.38 96.00 96.47 66.21 18.50 96.50 96.50 96.50 96.50 96.50 96.50 96.50 96.70 96.50 96.70 96.50 96.70 96	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	177 0 1960 thi. 1960 to 1460 t
Mar Jun Sop Dec II THREE I	Open 94.62 94.21 93.84 83.48 80.8711 90.20 89.21 89.05 89.21 89.05 89.21 89.05 95.34 95.04	92.17 91.86 EUROMANN Sett price 94.59 94.15 93.78 93.40 EUROLINA 59.54 89.54 89.54 89.57 89.67 8	-0.11 -0.08  I PUTUME Charge -0.03 -0.04 -0.04 -0.04 -0.04 +0.05 -0.05	149h 94.63 94.82 93.85 93.47 PUTUNE 160h 96.31 89.15 PUTUNE 15.05 95.34 95.05 94.60	Low 94.57 94.16 94.57 94.16 94.75 93.38 96.14799 16.00 96.00 96.41 96.01 16.68 96.59 96.59 96.59 96.59 96.59 96.59 96.59	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	177 0 Dpan tel. 195595 92292 95692 95693 95693 95693 15395 of 100% Dpan tel. 2614 9578 5499 2863
Sep Dec II THREE II Mar Jun Sep Dec III THREE II	Open 94.62 94.21 93.84 83.48 80.01714 1 00.20 89.52 89.05 80.01714 1 00.01 95.86 95.34 95.04 94.78 80.01714 1 00.01714 1	92.17 91.86 EUROMARIN Sett price 94.59 94.15 93.78 93.40 93.40 93.40 93.40 93.40 93.40 93.40 93.40 95.64 95.64 94.81 94.81 94.81 95.04 94.81 95.04 94.81 95.04 95.	-0.11 -0.08 I PUTUNNI Change -0.03 -0.04 -0.04 -0.04 +0.04 +0.09 -0.04 +0.09 +0.01 -0.03 mms (LIFFE) Change +0.01	High 94.60 94.82 93.85 93.47 PUTUNE High 90.91 89.75 89.15 PUTUNE High 95.34 95.06 94.60 94.60 94.60 90.45 92.96	Low 94.57 94.16 93.75 83.38 86 (LIPTE) 1 69.27 89.47 86.21 88.00 16 (LIPTE) 5 1,000 96.30 96.03 96.03 96.79 000146 of 10	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Copen tel. 196509 146605 146605 146605 146605 146605 146605 146605 16760
Mar Jun Sop Dec II THREE I	Open 94.62 94.21 93.84 83.48 80.8711 90.20 89.21 89.05 89.21 89.05 89.21 89.05 95.34 95.04	92.17 91.86 EUROMANN Sett price 94.59 94.15 93.78 93.40 EUROLINA 59.54 89.54 89.54 89.57 89.67 8	-0.11 -0.08  I PUTUME Charge -0.03 -0.04 -0.04 -0.04 -0.04 +0.05 -0.05	149h 94.63 94.82 93.85 93.47 PUTUNE 160h 96.31 89.15 PUTUNE 15.05 95.34 95.05 94.60	Low 94.57 94.16 94.57 94.16 94.75 93.38 96.14799 16.00 96.00 96.41 96.01 16.68 96.59 96.59 96.59 96.59 96.59 96.59 96.59	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	177 0 Dpan tel. 195595 92292 95692 95693 95693 95693 15395 of 100% Dpan tel. 2614 9578 5499 2863

Jan 17		Closing mid-point	Change on day	Bid/offer spread	Day's	Mid low	One me	%PA	Three m	%PA	One y		Benk of Eng. Inde
Europe													
Austria	Sch	16.8988	+0.0098	811 - 065	18.9223	16.8270	15.8864	0.9	16.8526	1.1		-	115.
Belgium	(BFr		+0.0589	558 - 938	49.5480	49.2940	49.4397	0.6	49.3547	0.9	48.8197	1.3	117.
Denmark	(DKr	9.4541	+0.0051	496 - 585	9.4798	9.4392	9,4561	-0.3	9.4583	-0.1	9.4316	0.2	117.
Finland	(FM)	7.4002	-0.0162	942 - 051	7.4470	7.3940	-	-	-	-	-	-	88.
France	(FFr	8.2943	-0.0015	893 - 993	8.3167	8.2809	6.2905	0.5	8.2845	0.5	8.2352	0.7	110.
Germany	(DM)	2.3993	+0.0005	980 - 005	2.4064	2.3951	2.3968	1.3	2.392	1.2	2.3581	1.7	127.
Greece	(Dr	373.997	+0.004	757 - 237	374.263	372.630		-	-	-			
Ireland	(121)	1.0108	-0.0018	101 - 115	1.0153	1.0094	1.0105	0.4	1.0102	0.2	1.0088	0.2	104.
Italy	9.1	2514.45	+1.24	272 - 619		2504.77	2520.65	-3.0	2531,6	-2.7	2581.6	-27	73.
Luxembourg	(LFr)	49.4747	+0.0589	558 - 936	49.5480	49.2940	49.4397	0.8	49.3647	0.6	48.6197	1.3	117.
Netherlands	(FI)	2.6905	-	891 - 919	2.8978	2.6851	2.6885	0.9	2.6832	1.1	2.6488	1.6	121.
Norway	(NKI)	10.4830	-0.0038			10.473B	10.4824	0.1	10.4814	0.1	10.4714	0.1	86.
Portugel	(Es)	247.859	-0.554	725 - 993	248.256	247.030	248,459	-2.9	250.109	-3.8		-	
Spain	(Pta)	208,705	-0.009	580 - 830	209.330	208.183	209.21	-2.9	210.17	-2.8	214.525	-2.8	82
Sweden	SKI	11.6841	-0.0398	536 - 745		11.6344	11.6826	-1.9	11.7176	-1.8	11.8341	-1.5	75.
Switzerland	(SFr)	2.0163	+0.0022	153 - 173	2.0189	2.0104	2.0123	24	2.0048	2.3	1.9601	2.8	122.
UK	(2)	-	-		-	-	-	-	-	-		-	79.
Ecu	-	1.2676	+0.0004	668 - 684	1_2698	1.2653	1.2677	0.0	-	-	1.2621	0.4	
SDR†	-	0.935492	-	-	-	-	-	-		•	-	-	
Americas													
Argentina	(Pesc)	1.5654	-0.0036	660 - 668	1.5695	1.5623	-	-	-	•	-	-	
Brazil	(C1)	1.3226	-0.007	215 - 237	1.3265	1.3215	-	-	-	-	•	•	
Canada	(CS)	2.2248	+0.0057	237 - 255	2.2322	2.2045	2,2265	-1.0	2.2309	-1,1	2.2477	-1.Q	83.
Mendico (New	Peso)	8.5042	+0.105	240 - 844	6.7707	8.4230		-		-	-	-	
JSA	(5)	1.5662	-0.0036	658 - 665	1,5693	1.5820	1.5658	0.3	1.5654	0.2	1,5612	0.3	62
Pactific/Middle	East/	Africa											
Australia	(AS)	2,0842	-0.0055	630 - 653	2.0653	20626	2.0679	-2.1	2.0743	-1.9	2.1098	-2.2	
long Kong	(HKS)	12,1338	-0.0208	303 - 672	12.1566	12.0985	12,1499	-1.5	12.1611	-1.0	12.0591	3.0	
ndia	(Fts)	49.1340	-0,1071	181 - 489		49,0080	-	-		-		-	
erael	(Shid)	4.7101	-0.0158	051 - 150	4.7294	4.7043		-	-	-	-	-	
lapan	M	155,166	+1.134	093 - 240	155.400	154.320	154.626	4.2	153.631	4.0	147,826	4.7	189.
Aalayala,	(MS)	3.9929	-0.0167	912 - 946	4.0047	3,9800		-		-		-	
New Zealand	(NZS)	2.4488	-0.0115	473 - 503	2.4503	2.4469	2.4546	-2.8	2.4649	-2.6	2.4983	-2.1	
asonq Mar	(Peso)	38.3707	-0,1981	838 - 576	38.4671	38.2694				•		-	
audi Arabia	(SR)	5.8745	-0.0133	728 - 761	5,8860	5.8589	-	-	-	-	-	-	
Singapore	(\$5)	2.2090	-0.0036	677 - 703	2.2716	2.2644		-		-		-	
Africa (Cons.)	Œ	5,5438	-0.0033	414 - 462	5.5496	5.5261			-	-	-	-	
Africa (Fin.)	ÌŦÒ	6,5387	-0,0386	216 - 558	6,5564	6.5214		-				-	
outh Korea	(Won)	1241.57	-2.06	121 - 192	1243.98	1237.91	-	-		-	-		
alwan	(15)	41.1968	-0.1285	805 - 130	41.2729			-					
halland	(Bt)	39,2399	-0.1373	076 - 722	39,2970			-			-	-	
SDR rates for Ja ut are implied by ne Dollar Spot to	CHITCHE	Interest rate	s. Storing in	des Calculates	1 by the Bar	nk of Engle	nd. Bana av	remon 1	985 = 100,	Bid, One	not directly or and Mid-	drenda Carenda	to the man both this a



CROSS R	111	-	-	-		بالدوي		700	2 3 - 12	71	A	400		5 0 5 35		-	1.6	
EXCHANGE CROSS RATES																		
Jan 17		EFF	DKr	FFr	DM	Æ	L	FI	NKr	Es	Pha	SKr	SFr	£	_cs_	\$	Y	Ecu
elgtum;	(BFr)	100	19.11	16.77	4.849	2.042	5082	5.438	21.18	500.9	421.9	23.57	4,075	2.021	4.496	3.166	313.5	2.561
Jenmark.	(DKr)	52.33	10	8,773	2.538	1.068	2659	2.645	11.09	262.1	220.6	12.33	2.132	1.058	2.352	1,656	164.1	1.340
rance	(FFr)	59.65	11.40	10	2.892	1,218	3031	3.243	12.64	298.8	251.6	14.06	2,431	1.206	2.681	1.668	187.0	1.528
ermeny	(DMI)	20.62	3.941	3.457	1	0.421	1048	1.121	4.368	103.3	86.98	4.860	0.840	0.417	0.927	0.653	64.65	0.528
wiend	් ගන්	48.98	9.360	8.212	2.376	1	2489	2.663	10.38	245.3	206.8	11.54	1.996	0.990	2,202	1.550	153.6	1.254
aly	ć.	1,968	0.378	0.330	0.095	0.040	100.	0.107	0.417	9.857	6.302	0.464	0.080	0.040	0.088	0.062	6.169	0.050
iotherlands	(FI)	18.39	3.514	3.083	0.892	0.375	934.6	1	3.896	92.12	77.58	4.335	0.748	0.372	0.827	0.582	57.66	0.471
lorway	(NKA)	47.20	9.021	7.914	2.288	0.964	2399	2.567	10	236.5	199.1	11.13	1.924	0.954	2.122	1.494	148.0	1.209
ortugal	(Es)	19.96	3.615	3.347	0.968	0.408	1015	1.080	4.229	100.	84.22	4.705	0.814	0.404	0.897	0.632	62.59	0.511
pain	(Ptai	23.70	4,530	3.974	1.148	0.484	1205	1.289	5.022	116.7	100.	5.587	0.966	0.479	1.066	0.750	74.32	0.607
wodon	(SKr)	42.43	9.108	7.113	2.057	0.866	2156	2,307	6.968	212.5	179.0	10	1,729	0.858	1.807	1.343	133.0	1.087
<b>Exercises</b>	(SPr)	24.54	4.689	4.114	1.190	0.501	1247	1,334	5.198	122.6	103.5	5.784	1	0.496	1.103	0.777	76.93	0.628
K	(E)	49.47	9.454	8.294	2.399	1.010	2514	2.690	10.48	247.6	208.7	11.66	2.016	1	2.224	1.566	155.1	1.267
Sanada.	(CS)	22.24	4.251	3.729	1.079	0.454	1130	1.210	4.712	111.4	93.84	5.243	0,906	0.450	1	0.704	69.74	0.570
JS .	(5)	31.59	6.037	5.296	1,532	0.645	1605	1.716	6.692	158.2	133.3	7.445	1.287	0.639	1.420	1	99.04	0.809
apen .	(1)	61.90	6.095	5.348	1.547	0.651	1621	1.734	6.757	159.8	134.8	7.516	1.300	0.645	1.434	1.010	100.	0.817
cu		39.04	7.462	6.546	1.893	0.797	1984	2.123	8.272	195.6	164.7	9.203	1.591	0.789	1.755	1.236	122.4	1

9550 9575

Ecu		39.04	7.462	6.546 1	.893 0.7	97 1984	2.123	8.272 195.	6 164.7	9.203	1.591	0.789	1.755 1.2
	oner, Franch F							cudo, Ura and Pi				0.100	
	ARK FUTUR								ESE YEN F		(IMM) Yen	12.5 per 1	en 100
	Open	Latest	Change	High	Low	Est. vot	Open Int.		Ореп	Latest	Change	High	Law
Mar Jun Sep	0.653S 0.6570	0.6542 0.6562 0.6585	-0.0001	0.6550 0.6570 -	0.6510 0.6554 0.6585	12,963 87 10	78,079 2,067 148	Mar Jun Sep	1.0205 1.0275	1.0181 1.0292 1.0430	-0.0027 -0.0040		
w swis	S FRANC F	UTURES (	IMM) SFr 12	5,000 per	SFr			■ STERU	KQ FUTUR	IES (IMM)	262,500 p	er E	
Mar Jun Sep	0.7805 0.7868	0.7808 0.7854 0.7905	-0.0011	0.7823 0.7868 -	0.7788 0.7845 0.7905	13,247 6 1	38,836 933 64	Mar Jun Sep	1.5690 1.5690	1,5694 1,5680 1,5670	+0.0016 +0.0010 +0.0006	1.5700	1.5670
uk i	INTERES	T RAT	ES		27,100			EMS E	UROPE.		JRREN	CY UNI	T RATE
LOND	ON MO	NEY R	ATES					Gail 17	- Pare		Inst Ecu	on day	con. rate
Jan 17		Over- night	7 days notice	One month	Three months	Six months	One	Netherland Belgium	40.21	23 3	13074 8.1492	-0.002 -0.0182	-3.00 -2.64
Interbank	Sterling	712 - 5	6& - 6A	612 - 6	612 - 639	7 - 6%	73s - 75s	Germany	1.949		89999	-0.00177	-2.55

Jan 17		Over- night	7 days notice	One month	Three	Six	One year
Interbank Sterlin	g	712 - 5	64 - 64	6 <sup>1</sup> 8 - 6	612 - 632		
Stading CDs		-	-	8년 - 5월	63 - 62	6至 - 6登	7段 - 72
Treesury Bills		-	-	578 - 513	674 - 678		-
Bank Bills			-	5號 - 5%			-
Local authority of Discount Market		513 - 513 514 - 61 <sub>2</sub>	5월 - 5월 8년 - 5월	614 - 513	B <sub>16</sub> - 6 <sub>16</sub>	7& - 6}}	7]] - 7]] -
UK clearing bon	k base	lending rati	9¼ per ce	ent from De	cember 7, 1	994	
			Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax de	D. 02100	3.0000	2	212	514	512	5%
Ave. tender rate of 1994. Agreed rate period Dec 1, 199	for peri	nt 6,8155pc. od Jan 25, 1:	ECGO fired 995 to Feb 2	rato 68g. Ex 5. 1985, Sch	ernos A & III 7	Make up day	ince rate los
Ave, tender rete of 1994, Agreed rate period Dec 1, 199 Jan 1, 1995	for period to Dec	nt 5,9155pc. od Jan 25, 19 30, 1964, 5	ECGO fined 995 to Feb 2 chemes IV &	roto Sag. Bo 5, 1965, Sch V 6.402pc. F (LUFFE) \$5	port Finance. ames # #      7 Preside House 00,000 poin	Males up day 27 pc. Refere 6 Base Rute ( to of 100%	ince rate for Pape from
Ave. tender rete of 1994. Agreed rate period Dec 1, 199 Jen 1, 1995 III THRISIK IMO	I decou lor peri 4 to Dec 90124 S Open	nt 6,9155pc. od Jan 25, 11 2 30, 1994, S TERLING Sett price	ECGO fixed 895 to Feb 2 chemes IV & FUTURES Change	rato Sag. Exp 5, 1995, Sch V 6.402pc. F (LUFFE) \$5 High	port Finance. Image # 8, III 7 Image House 00,000 poin Low	Make up day 71pc. Refere Base Ruce ( to of 100% Est. vol	Open int
Ave. tender rate of 1994. Agreed rate genod Dec 1, 199 Jen 1, 1995 E THRICK MO	I decou for peri 4 to Dec errist 8 Open 2.91	nt 5.9155pc. od Jan 25, 11 30, 1994, S TERLING Sett price 92.88	ECGO fined 995 to Feb 2 chemes IV & FUTURES Change +0.01	roto S8g. Bo 5, 1995, Sch V 6,402pc. F (LIFFE) \$5 High 92,92	con Finance. Image & & El 7 Image & House 00,000 point Low 92.85	Make up day 71pc. Refere 8 Base Rate ( to of 100% Est. vol 20825	Open int. 96083
Ave. tender rate of 1984. Agreed rate 1984. Agreed rate 1987. 1995 III THRISK MO C Mar 9 Jun 8	l decou for peri 4 to Dec PITH S Open 2.91 2.21	nt 6.8154pc. od Jen 25. 19 30, 1984, S TERLING Sett price 92.88 92.16	ECGO fixed 895 to Feb 2 chemes IV & FUTURES Change	roto S8g. Bo 5, 1995, Sch V 8,402pc. F (LIFFE) \$5 High 92,92 92,22	con Finance. Ames & & El 7 Institute House 00,000 point Low 92.85 92.13	Make up day 71pc. Refere 8 Base Rate ( to of 100% Est. voi 20825 15815	Open unt 95083 67183
Ave. tender rate of 1984. Agreed rate period Dec 1, 199 Jan 1, 1995 III THRISE MO C Mar 8 Jun 8 Sep 9	or period so Dec	sett price 92.88 92.16 91.67	ECGO fined 995 to Feb 2 chemes IV & FUTURES Change +0.01	rate S89, Esp 5, 1995, Sch V 8,402pc, F (LIFFE) \$5 High 92,92 92,22 81,73	2001 Finance, armes # # 10 7 Practice House 00,000 point Low 92.65 92.13 61.63	Males up day 7/pc. Refere 8 Base Rate ( tts of 100% Est. vol 20825 15815 6771	Open int. 95083 67183 58096
Ave. sender rate of 1894. Apred rate period Dec 1, 199 Jan 1, 1995 III THRIBIK MO Mar 9 Jun 8 Sep 9 Dec 9	erra: 3 Open 2.91 2.21 1.71	nt 5.8154pc. od Jan 25, 11 : 30, 1994, S TEPLING Sett price 92.88 92.16 91.67 91.35	ECGO fixed 995 to Feb 2 chemes IV & FUTURES Change +0.01 -0.01	nte 589. Be 5, 1985. Sch V 6.402pc. F (UFFE) \$5 High 92.92 92.22 61.73 91.41	oon Finance, arms 8 & 11 7 Finance House 00,000 point Low 92.85 92.13 61.63 91.34	Make up day 71pc. Refere 8 Base Rate ( to of 100% Est. voi 20825 15815	Open unt 95083 67183
Ass. tender rate of 1894. Agreed fate period Dec 1, 199 Jan 1, 1995 Mc Mar 9 Jun 9 Sep 9 Sep 9 Dec 9 Also traded on Al	or period to Decide 1 to Decid	nt 6.9164pc. od Jen 25, 11 c 30, 1994, 5 CTERLING. Sett price 92.88 92.16 91.67 91.35 Open Interest	ECGO fined Statement No. 2 Charment No. 2 Change +0.01 -0.01 -1	rate Stig. Ecc. 5, 1965, Sch. 1965, Sch. 1965, Sch. V 6.402pc. F (UFFE) £5 High 92.92 92.22 81.73 91.41 previous da	00,000 point Low 92,85 92,13 81,93 91,34	Males up day 171pc. Refere 8 Base Rate ( its of 100% Est. vol 20825 15815 6771 3073	Open int. 95083 67183 58096
Ave. sender rate of 1894. Apred rate period Dec 1, 199 Jan 1, 1995 III THRIBIK MO Mar 9 Jun 8 Sep 9 Dec 9	or period to Decide 1 to Decid	nt 6.9164pc. od Jen 25, 11 c 30, 1994, 5 CTERLING. Sett price 92.88 92.16 91.67 91.35 Open Interest	ECSO fixed 995 to Feb 2 chemes IV 8 FUTURES Change +0.01 -0.01 -1 ings. are for	rate Stig. Ecc. 5, 1965, Sch. 1965, Sch. 1965, Sch. V 6.402pc. F (UFFE) £5 High 92.92 92.22 81.73 91.41 previous da	00,000 point Low 92,85 92,13 81,93 91,34	Males up day 171pc. Refere 8 Base Rate ( its of 100% Est. vol 20825 15815 6771 3073	Open int. 95083 67183 58096
Ales, tender retain of 1984, Agreed 1984, Agreed 1984 1984, Agreed 1984, Agreed 1984, Agreed 1984 1984, Agreed	or period to Declarate Society	nt 6.8164pc. od Jen 25. 11 : 30, 1984, S  TERLING Sett price 92.88 92.16 91.67 91.35 Open Interest	ECISIO fined 995 to Feb 2 chemes IV 6 FUTURES Change +0.01 -0.01 -1 i figs. ore for	rate Stig. Ecc. 5, 1965, Sch. 1965, Sch. 1965, Sch. V 6.402pc. F (UFFE) £5 High 92.92 92.22 81.73 91.41 previous da	00,000 point Low 92,85 92,13 81,93 91,34	Males up day 71pc. Referre 8 Base Rate ( its of 100% Est. vol 20825 15815 6771 3073	Open int. 95083 67183 58096

	· CALLS -	·		— PUTS -	
Mar	Jun	Sep	Mar	Jun	Sep
0.25	0.16	0.12	0.12	0.72	1,20
0.12	D.DB	0.07	0.24	0.92	1,40
0.04	0.04	0.04	0.41	1.13	1.62
		10110			
	ASE LE	NDING	RATES		
%			q,		4
%. Company 5.25	Duncan	Lawrie	% 6.25 ≠ Pk	exburghe Gua	rentee
%. Company 5.25 st Bank6.25	Duncan Exetur 8	Lawrie	% 625 *Fa 725 Cx	aporation Limi	rantee ted is no
%, Company 5.25 ss Bark 6.25	Duncan Exeter 8 Financia	Lawrie Jank Limited J. & Gen Bank	9, 625 * Pr 725 Q	rporation Limi nger authorise	rentee ted is no id ae
%. Company 5.25 st Bank6.25	Duncan Exeter B Financia •Robert F	Lawrie	94 	aporation Limi	rentee ted is no id ae

78	7	
Adam & Company 5.25	Duncan Lawrie 6.25	* Floxburghe Guarantee
Affect Trust Bark	Exetur Bank Limited 7.25	Corporation Limited is no
AIB Benk 6.25	Financial & Gan Bank 6.5	longer guthorised as
Millionry Ansbacher 6.25	●Robert Flaming & Co 6.25	a banking institution. 6
Bank of Baroda 6.25	Girobank 6.25	Ployal Bik of Scotland 6.25
Banco Bibao Vizitaya, 6.25	@Guinness Mahon 6.25	Singer & Friedlender 6.25
Bank of Cyprus 6.25	Habito Benk AG Zurich . 6.25	Smith & Witman Secs . 6.25
Bank of Ireland 6.25	CHambros Benk 6.25	TSB 6.25
Benk of India 6.25	Hentable & Gen Inv Bk. 6.25	Cinited Sk of Kumpit 6.25
Bank of Scotland 6.25	OHI Semuel 6.25	Unity Trust Benk Pic 6.25
Berdaya Bank 6.25	C. Hoare & Co 6.25	Western Trust 6.25
Brit 5k of Mid East 6.25	Hongkong © Shanghai. 6.25	Whiteway Laidlew 6.25
Brown Shipley & Co Ltd .6.25	Julian Hodge Bank 6.25	Yorkshire Bank 8.25
Ottbank NA 6.25	CLeopold Joseph & Sons 6.25	
Chydeodale Bank 6.25	Lloyds Bank 6.25	Members of London
The Co-operative Bank, 6.25	Mechral Bark Ltd 6.25	Investment Banking
Coutts & Co 6.25	Midland Bank 6.25	Association
Credit Lyonnals 6.25	* Mount Banking 6.25	* In administration
Cyprus Popular Bank 6.25	NatWestminster 6.25	ar care manager
-111	ORea Brothers 6.25	

STERLING FUTURES (IMM) E82,500 per E		Ореп	Latest	Change	e High	Law	Est vol	Open int.
STERLING FUTURES (IMM) E62,500 per E	Mar	1.0205	1.0161	-0.0027	1.0205	1.0130	24,503	77,613
STERLING FUTURES (IMM) E62,500 per E	Jun	1.0275		-0.0040	1.0308			
Mar 1.5690 1.5694 +0.0016 1.5706 1.5682 30,256 37,772 Jun 1.5690 1.5680 +0.0010 1.5700 1.5670 414 1.269 Sep - 1.5670 +0.0006 1.5690 - 5 4  EMS EUROPEAN CURRENCY UNIT RATES  Jan 17 Equ cent.  Rate Change 44 -1-from 54 spreed Div.  Instee against Equ. on day cent. rate verseless ind.  Netherlands 2.19672 2.13074 -0.002 -3.00 10.37 -  Beiglum 40.2123 38,1492 -0.0182 -2.64 8.96 19  Germany 1.94864 1.89999 -0.00177 -2.56 9.55 -  Ireland 0.80929 0.800399 -0.00177 -2.56 9.55 -  Ireland 0.80929 0.800399 -0.00177 -2.56 9.55 -  Ireland 0.80929 0.800399 -0.0065 -1.05 8.20 7 -4  Pertugel 192.564 196.212 -0.189 1.74 5.22 -12  Spein 194.259 165.134 -0.038 7.08 0.00 -49  NON CRAM MEMBERS  Greece 264.513 295.635 -0.224 11.77 -4.21 -  Tably 1793.19 1890.57 +5.5 11.01 -0.55 -  BUK 0.786749 0.792344 +0.003223 0.71 6.30  WIK 0.786749 0.792344 +0.003223 0.71 6.30  Percuntage changes are for Equ. a processed division of the currency. Divergence shows the percentage division of the currency in merket, rate from the currency of the currency and the modernum permitted processed division of the currency Divergence shows the percentage division of the currency Divergence shows the percentage division of the currency Divergence shows the percentage of the percentage division of the currency Divergence shows the percentage of the percentage division of the currency in merket, rate from the percentage of the currency of merket are from the currency of the currency in merket are from the currency of the currency in merket are from the currency of the currency in merket are from the percentage of the currency of the currency in merket are from the currency of	Sep	•	1.0430		-	1.0430	7	369
Sep	STERUN	Q FUTUR	ES (IMM)	£62,500 p	per £			
Sep	Mar	1.5690		+0.0016	8 1,5708	1.5582	30,256	37,772
PART		1.5690			0 1.5700	1.5670	414	1,269
Sent 17   Edu con.   Risto   Change   96 +/- from   % spreed   Div.	Sep	-	1.5670	+0.0000	8 1.5690	-	5	4
Price   Signified   Con.   Inste   V weekest   Incl.							_	ed Div.
Beigluth   40.2123   38,1492   -0.07162   -2.64   8.96   19		rates	agai	nst Ecu	on day	con. rate	v week	ost Incl.
Germany 1,94964 1,89999 -0.00177 -2.55 9.85 - Austria 13.7167 16.3682 -0.0141 -2.54 9.65 - Instand 0,009029 0,000099 +0.000695 -1.05 8.20 7 France 5.53853 8.56794 -0.00615 0,45 8.56 -4 Dentrator 7,43679 7,48500 -0.00622 0.65 6.37 -4 Portugel 192,654 196,212 -0.189 1,74 5.22 -12 Spein 154,250 165,134 -0.036 7,08 0.00 -49  NON ERM MEMBERS Greece 264,513 295,635 -0.224 11.77 -4.21 - Italy 1793,19 1990,57 +5.5 11.01 -3.56 - Italy 0,786749 0,792344 +0.003223 0,71 8.50 - EU central rates set by the European Commission. Currences are in descending mistre strength Percentage changes are for Ecu; a positive change denotes a week ourrency. Divergence shows the percentage definemenc between the actual misret and Ecu central rates to a contrate.  If the commission of the currency is market rate from the currency, and the modernum permitted percentage devided of the currency is market rate from the fact contrate.  If PHILADELPHIA SE \$2/\$ OPTIONS \$31,250 (cents per pound)  If PHILADELPHIA SE \$2/\$ OPTIONS \$31,250 (cents per pound)  If PHILADELPHIA SE \$2/\$ OPTIONS \$31,250 (cents per pound)  If PHILADELPHIA SE \$2/\$ OPTIONS \$31,250 (cents per pound)  If PHILADELPHIA SE \$2/\$ OPTIONS \$31,250 (cents per pound)  If PHILADELPHIA SE \$2/\$ OPTIONS \$31,250 (cents per pound)  If PHILADELPHIA SE \$2/\$ OPTIONS \$31,250 (cents per pound)  If PHILADELPHIA SE \$2/\$ OPTIONS \$31,250 (cents per pound)  If PHILADELPHIA SE \$2/\$ OPTIONS \$31,250 (cents per pound)  If PHILADELPHIA SE \$2/\$ OPTIONS \$31,250 (cents per pound)  If \$2,250 = 0.07								
Austrian 13.7167 16.3682 -0.0141 -2.54 9.65 - Ireland 0.809328 0.800039 +0.000365 -1.05 8.20 7 France 6.53823 8.56794 -0.00615 0.45 8.56 -4 Denmark 7.43679 7.49500 -0.00622 0.65 6.37 -4 Portugel 192.854 196.212 -0.189 1.74 5.22 -12 Spein 154.250 165.134 -0.036 7.06 0.00 -49  NON ERM MEMBERS Breece 264.513 295.635 -0.224 11.77 -4.21 - Intelly 1793.18 1990.57 +6.5 11.01 -3.56 - DIL central rates set by the European Commission. Currencles are in descending mistrive energe. DIL Central rates set by the European Commission. Currencles are in descending mistrive energe. DIL central rates set by the European Commission. Currencles are in descending mistrive energe. DIL central rates set by the European Commission. Currencles are in descending mistrive energe. DIL central rates set by the European Commission. Currencles are in descending mistrive energe. DIL central rates are by the European Commission. Currencles are in descending mistrive energe. DIL central rates are by the European Commission. Currencles are in descending mistrive energe. DIL central rates. DIL central rates. DIL central rates are by the European Commission. DIL central rates are by the European Commission. DIL central rates. DI								19
Instance    0.809628   0.800099   +0.000995   -1.05   8.20   7					-0.00177		9.85	-
Prence 5.53883 8.56791 -0.00615 0.45 0.56 -4 Densmirk 7.43679 7.48500 -0.00622 0.65 6.37 -4 Portugel 192.854 194.212 -0.189 1.74 5.22 -12 Spein 154.250 165.134 -0.036 7.06 0.00 -49  NON ERM MEMBERS Greece 264.513 295.635 -0.224 11.77 -4.21 - Italy 1793.19 1990.57 +5.5 11.01 -3.56 - UK 0.786749 0.782344 +0.003223 0.71 6.30 - UK 0.786749 0.782344 -0.003223 0.71 6.30 - UK 0.786749 0.78244 -0.003223 0.7824 0.79 0.79 0.79 0.79 0.79 0.79 0.79 0.79								
Denmaterix   7.43679   7.48500   -0.00622   0.65   6.37   -4								
Portugel 192.854 198.212 -0.189 1.74 5.22 -12 Spein 194.250 165.134 -0.036 7.06 0.00 -49 NON ERM MEMBERS (Proced 284.513 295.635 -0.224 11.77 -4.21 - Italy 1793.19 1890.57 45.5 11.01 -0.56 - Italy 1793.19 Italy								
Spein   154.250   165.134   -0.036   7.06   0.00   -49								
NON EPM MEMBERS   Greece   264.513   295.635   -0.224   11.77   -4.21   -1.59   1.59   1.59   1.59   1.50   -3.56   -0.21   1.59   1.55   1.59   1.55   1.59   1.55   1.59   1.55   1.59   1.55   1.59   1.55   1.59   1.55   1.59   1.55   1.59   1.55   1.59   1.55   1.59   1.55   1.59   1.55   1.59   1.55   1.								
### String	Spein	154.2	50 10	55.134	-0.036	7.08	0.00	-49
CALLS	NON FRM M	EMBERG						
THIS   1793.18   1890.57   -4.5   11.01   -3.56   -1.00   -0.786749   0.792344   -0.003223   0.71   -3.56   -1.00   -0.786749   0.792344   -0.003223   0.71   -3.56   -1.00   -0.56   -1.00   -0.786749   0.792344   -0.003223   0.71   -3.56   -1.00   -0.56   -1.00   -0.786749   0.792344   -0.003223   0.71   -3.56   -1.00   -0.56   -1.00   -0.786749   0.792344   -0.003223   0.71   -3.56   -1.00   -0.00			13 20	25.635	_0.224	11 77	-4.21	_
District			19 19	90.57				=
EQUICATION INTO SERVICE STATE AND STATE ST								_ =
CALLS	for a currency.	and the mo	draum pem	ritted nemon	ntace deviates	of the curren	CA, B Liberpary	120 mm de
Price Feb Mar Apr Feb Mar Apr 1.500 9.54 8.68 8.95 - 0.17 0.49 1.500 9.54 8.68 8.95 - 0.17 0.49 1.505 4.20 4.55 5.00 0.13 0.52 1.01 1.525 4.20 4.55 5.00 0.13 0.52 1.01 1.525 4.20 4.55 5.00 0.13 0.52 1.01 1.525 1.57 0.87 1.52 2.17 3.96 0.80 1.22 1.54 1.575 0.87 1.52 2.15 1.73 2.39 2.98 1.500 0.24 0.72 1.28 3.54 4.02 4.56 1.600 0.24 0.72 1.28 3.54 4.02 4.56 1.625 0.02 0.28 0.68 5.61 6.06 8.44 Provious day's vol., Cade 4.718 Puts 2.337 . Prev. day's open Inc. Cade 212.416 Puts 240,784 Provious day's vol., Cade 4.718 Puts 2.337 . Prev. day's open Inc. Cade 212.416 Puts 240,784 Provious day's vol., Cade 4.718 Puts 2.337 . Prev. day's open Inc. Cade 212.416 Puts 240,784 Puts 2.331 33.25 - 0.06 93.35 93.22 74.808 444.014 Julin 92.84 92.56 -0.08 92.71 92.53 38.273 382.521 Sep 92.30 92.19 -0.08 92.33 92.17 18.793 287,782 Put US TREASURY BELL PUTURES (IMAN) \$1m per 100%  Mar 93.94 93.86 -0.06 93.94 93.87 426 13.048 Julin 93.26 93.20 -0.07 93.27 93.19 111 5.547 Sep 92.89 92.89 -0.04 92.89 92.84 2 2.400 Puts	17/9/92) Sterfin	ig and Italia	n Lira suspe	ended from	ERM. Adjustm	ent calculated		
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1.525	17/9/92) Stories PHILADE Strike	g and Italia LPHIA SI	E £/S OF	TIONS £3	ERM. Adjustm 1,250 (cents	per pound)	by the Finan	ocial Times.
1.550	17/9/92) Storfin PHILADE Strike Price	g and Italia ILPHIA SI Feb	E £/\$ OP	TIONS 23 LLS ar	ERM. Adjustm 1,250 (cents Apr	per pound) Feb	by the Finan PUTS Mar	Apr
1.575	17/9/92) Storfin PHILADE Strike Price 1.500	LPHIA SI Feb 9.54	E £/S OP CA M	TIONS £3 LLS lar 68	1,250 (cents Apr 8,95	per pound) Feb	PUTS Mar 0.17	Apr 0.49
1.600	PHILADE Strike Price 1.500	LPHIA SI Feb 9.54 4.20	E £/S OP CA M 8.	THOMS £3 LLS ar 68 55	EPIM. Adjustm 11,250 (cents 	per pound) Feb - 0.13	PUTS Mar 0.17	Apr 0.49
1.825 0.02 0.28 0.68 5.81 6.06 8.44 Provious day's vol., Cafe 4.716 Puts 2.337 . Prev. day's open inc. Cafe 212,416 Puts 240,764  ### THREE MONTH EURODOLLAR [MM] \$1m points of 100%  Open Latest Change High Low Est. vol Open int. Mar 93.51 33.25 -0.06 93.35 93.22 74,808 444,014 Jun 92.84 92.58 -0.08 92.71 92.53 38,273 382,521 Sep 92.30 92.19 -0.08 92.33 92.17 18,793 287,782  ### US TREASURY BELL PUTURES [MM] \$1m per 100%  Mar 93.94 93.86 -0.06 93.94 93.87 426 13,048 Jun 93.26 83.20 -0.07 93.27 93.19 111 5,547 Sep 92.89 92.88 -0.04 92.89 92.84 2 2,400  At Open Interest figs. are for previous day  #### EUROMARK OPTIONS (LIFFE) DM1m points of 100%  Strike CALLS PUTS  M87 0.02 0.05 0.03 0.05 0.19 0.21 0.62 0.64	117/9/92) Sterfe PHILADE Strike Price 1.500 1.525 1.660	Feb 9.54 4.20 2.23	E £/S OP GA M B. 4.	710NS £3 ULS	EPIM. Adjustm 1,250 (cents Apr 8.95 5.00 3.36	per pound) Feb - 0.13 0.60	PUTS	Apr 0.49 1.01 1.54
THREE MONTH SURPOPOLLAR (MAN) S1m points of 100%	17/9/92) Sterfin PHILADE Strike Price 1.500 1.525 1.660 1.575	Feb 9.54 4.20 2.23 0.87	E £/\$ OP  CA  M  6.  4.  2.	710NS £3 UL\$	EPIM. Adjustm 11,250 (cents Apr 6.95 5.00 3.36 2.15	per pound) Feb - 0.13 0.60 1.73	PUTS	Apr 0.48 1.01 1.54 2.98
Copen   Latest Change   High   Low   Est. vol Open Int.	117/9/92) Sterfin PHILADE Strike Price 1.500 1.525 1.650 1.650	Feb 9.54 4.20 2.23 0.87 0.24	E £/\$ OP  GA  6. 4. 2. 1.	710NS £3 ULS	21,250 (cents Apr 8,95 5,00 3,36 2,15 1,26	per pound) Feb - 0.13 0.80 1.73 3.54	PUTS	Apr 0.49 1.01 1.54 2.98 4.56
Copen   Latest Change   High   Low   Est. vol Open Int.	17/9/92 Storing PHILADE Strike Price 1.500 1.525 1.600 1.625	Feb 9.54 4.20 2.23 0.87 0.24 0.02	E £/S OP  CA  M  6.  4.  2.  1.  0.	710NS £3 ULS	ERM. Adjustin 11,250 (cents Apr 6,95 5,00 3,96 2,15 1,26 0,68	per pound)	PUTS	Apr 0.48 1.01 1.54 2.98 4.56 8.44
Mar 93.51 93.25 -0.06 93.95 93.22 74,808 444,014 Jun 92.84 92.56 -0.08 92.71 92.53 38,273 382,521 Sep 92.30 92.19 -0.08 92.33 92.17 18,793 287,782  ■ US TREASURY BELL PUTURES (MM) S1m per 100%  Mar 93.94 93.98 -0.06 93.94 93.87 426 13,048 Jun 93.26 93.20 -0.07 93.27 93.19 111 5,547 Sep 92.89 92.86 -0.04 92.89 92.84 2 2,400  Al Coper Interest figs. are for previous day  ■ EUROMARIK OPTIONS (LEFTE) DM1m points of 100%  Strikes — CALLS — PUTS	(17/9/62) Storfin PHILADE Strike Price 1.500 1.525 1.650 1.676 1.600 1.625 Previous day's	Feb 9.54 4.20 2.23 0.87 0.24 0.02 vol., Cats 4	E £/S OP CA M 6. 4. 2. 1. 0. 0. 716 Puts 2	TIONS £3 LL\$ ar 68 55 77 52 72 28 "337 . Prev.	Apr 8.95 5.00 3.36 2.15 1.26 0.68 day's open in	per pound)	PUTS	Apr 0.48 1.01 1.54 2.98 4.56 8.44
100   100	17/9/62  Storfin   PHILADE   PHILADE   Price   1.500   1.525   1.650   1.676   1.600   1.625   Previous day's	R and turies  Feb 9.54 4.20 2.23 0.87 0.24 0.02 vol., Cate 4	E £/\$ OP  CA  M  8. 4. 2. 1. 0. 0. 718 Puss 2	THONS C3 LLS	Apr 8.95 5.00 3.36 2.15 1.26 0.68 day's open in	per pound) Feb 0.13 0.80 1.73 3.64 5.81 Calls 212,41	by the Final PUTS	Apr 0.49 1.01 1.54 2.98 4.56 8.44
Sep   92.30   92.19   :0.08   92.33   92.17   18,793   287,782	PHILADE   Strike   Price   1.500   1.505   1.650   1.676   1.625   Previous day's   THREE N	Feb 9.54 4.20 2.23 0.87 0.24 0.02 vol., Cade 4	E E/S OF CA Ma. 4, 2, 1, 0, 718 Puts 2	Index from THONS 23 LLS ———————————————————————————————————	Apr 6.95 5.00 (cents 5.00 (cen	per pound) Feb	PUTS	Apr 0.49 1.01 1.54 2.98 4.56 8.44 764
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Jun 83.26 83.20 -0.07 93.27 83.19 111 5,547 Sep 92.89 92.85 -0.04 92.89 92.84 2 2,400  All Open Interest figs. are for previous day  III BURNOMARIK OPTIONS (LIFFE) DM1m points of 100%  Statics — PUTS — PUT	(17/9/62) Storfin PHILADE Strike Price 1.500 1.525 1.650 1.676 1.600 1.625 Previous day's	g and lusing Feb 9.54 4.20 2.23 0.87 0.24 0.02 vol., Cate 4.	E E/S OP  CA  M  8. 4. 2. 1. 0. 0. 716 Puis 2  JEROPOLI  Latest 93.25 92.58	PROVES 23 LLS —— LLS —— LLS —— LLS —— LLS —— LLS —— LLS —— LLS —— LLS —— FOR MANUAL MA	Apr 8.95 (cents 1.250 (cents 1.250 (cents 1.250 ) 3.36 2.15 1.26 0.68 day's open in High 93.35 92.71	per pound] Feb - 0.13 0.60 1.73 3.54 5.61 . Calls 212,41 0.00 93.22 92.53	PUTS	Apr 0.48 1.01 1.54 2.98 4.56 8.44 764 Copen int. 444,014 382,521
Surpose   Surp	PHILADE Strike Price 1.500 1.505 1.506 1.507 1.508 1.600 1.625 Previous day's  THREE N  Mar Jun Sep	E end Italian  Feb 95.54  4.20  2.23  0.87  0.24  0.02  vol., Cats 4  0.00  Open  93.31  92.84  92.30	E 2/5 OP  CA  M  8.  4.  2.  1.  0.  718 Puts 2  23.25  92.58  92.19	THOMS 53 ULS	EPM. Adjustm 1,250 (cents 	Per pound)  Feb 0.13 0.60 1.73 5.61 5.61 - Calls 212,41  Low 83.22 92.53 92.17	PUTS	Apr 0.49 1.01 1.54 2.98 8.44 764 Copen int. 444,014 382,521
Sep   92.89   92.85   -0.04   92.89   92.84   2   2,400	PHILADE Strike Price 1.500 1.505 1.600 1.625 Previous day's THREE M Mar Jun Sep	Feb 95.44 4.20 2.23 0.87 0.24 4.20 Open 93.31 92.84 92.30 SURTY BR	E 2/\$ OP  CA  M 8. 4. 2. 1. 0. 7.16 Puts 2  REODOL  Latest 93.25 92.56 92.19	THONES 53 LUS	Apr 8.95 (cents 1.250 (cents 1.250 (cents 1.250 ) 3.36 2.15 0.68 day's open in 1.25 93.35 92.71 92.33	per pound] Feb	PUTS	Apr 0.49 1.01 1.54 2.98 8.44 764 Open Int. 444.014 382,521 287,782
E EUROMARIK OPTIONS (LIFFE) DM1m points of 100%  Stiffee CALLS PITS PITS  Price Feb Mar Apr Jun Feb Mar Apr Jun 1005 0.08 0.41 0.45 0.07 0.17 0.07 0.11 0.05 0.08 0.41 0.45 0.07 0.07 0.07 0.19 0.21 0.62 0.64	INTERNATION OF TREE N	g and Italian  Feb 8.54 4.20 0.87 0.24 0.02 vol., Cate 4 0.02 vol., Cate 4 93.31 93.94 93.94 93.94	E E/\$ OF CAM 8. 4. 2. 1. 0. 0. 716 Puts 2 PRODOLI Latest 93.25 92.19 L PUTUS 93.88 83.20	TRONS 53 LLS	Apr 8.95 (cents 1.250 (cents 1.250 (cents 1.250 ) 3.36 2.15 0.68 day's open in 1.25 93.35 92.71 92.33	per pound] Feb - 0.13 0.60 1.73 3.54 5.61 . Calls 212.41 6.61 Low 93.22 92.53 92.17	PUTS	Apr 0.48 1.01 1.54 2.98 4.56 8.44 764 Copen int. 444,014 382,521 287,782
CALLS PUTS PUTS PICE Feb Mar Apr Jun Feb Mar A	INTERNATION OF TREE N	g and Italian  Feb 8.54 4.20 0.87 0.24 0.02 vol., Cate 4 0.02 vol., Cate 4 93.31 93.94 93.94 93.94	E E/\$ OF CAM 8. 4. 2. 1. 0. 0. 716 Puts 2 PRODOLI Latest 93.25 92.19 L PUTUS 93.88 83.20	TRONS 53 LLS	Apr 8.95 (cents 1.250 (cents 1.250 (cents 1.250 ) \$1.25	Per pound) Feb 0.13 0.80 1.73 3.54 5.81	PUTS	Apr 0.49 1.01 1.54 2.98 4.56 8.44 764 COpen Int. 444,014 382,521 13,048 5,547
Price Feb Mar Apr Jun Feb Mar Apr Jun 9450 0.14 0.17 0.07 0.11 0.05 0.08 0.41 0.45 9475 0.02 0.05 0.03 0.05 0.18 0.21 0.62 0.64	INTERES INTERE	Feb 95.44 4.20 2.23 0.87 0.24 0.02 0.02 0.02 0.03 4 0.02 0.03 4 0.03 4 0.03 0.03 0.03 0.03 0.03	E 2/\$ OP  CA  M 8. 4. 2. 1. 0. 7.16 Puts 2  EXCOPOLI  Latest 33.25 92.58 92.19  L PUTUR 93.88 83.20 92.88	THONES 53 LUS	Apr 8.95 (cents 1.250 (cents 1.	Per pound) Feb - 0.13 0.60 1.73 0.60 1.73 5.61 5.61 5.61 Colls 212,41 Feb 93.22 92.53 92.17	PUTS	Apr 0.49 1.01 1.54 2.98 4.56 8.44 764 COpen Int. 444,014 382,521 13,048 5,547
Price Feb Mar Apr Jun Feb Mar Apr Jun 9450 0.14 0.17 0.07 0.11 0.05 0.08 0.41 0.45 9475 0.02 0.05 0.03 0.05 0.18 0.21 0.82 0.64	I PHILADE Strike Price 1.500 1.505 1.500 1.575 1.600 1.625 Previous day's THREE M  Mar Jun Sep  US TREAS	Feb 95.44 4.20 2.23 0.87 0.24 0.02 0.02 0.02 0.03 4 0.02 0.03 4 0.03 4 0.03 0.03 0.03 0.03 0.03	E 2/\$ OP  CA  M 8. 4. 2. 1. 0. 7.16 Puts 2  EXCOPOLI  Latest 33.25 92.58 92.19  L PUTUR 93.88 83.20 92.88	THONES 53 LUS	Apr 8.95 (cents 1.250 (cents 1.	Per pound) Feb - 0.13 0.60 1.73 0.60 1.73 5.61 5.61 5.61 Colls 212,41 Feb 93.22 92.53 92.17	PUTS	Apr 0.49 1.01 1.54 2.98 4.56 8.44 764 COpen Int. 444,014 382,521 13,048 5,547
9450 0.14 0.17 0.07 0.11 0.05 0.08 0.41 0.45 9475 0.02 0.05 0.03 0.05 0.18 0.21 0.62 0.64	PHILADE Strike Price 1.500 1.505 1.650 1.650 1.676 1.625 Previous day's THIREE N Mar Jun Sep  Mar Jun Sep  At Open Interes EUROMA	Feb 95.44 4.20 2.23 0.87 0.24 0.02 0.02 0.02 0.03 4 0.02 0.03 4 0.03 4 0.03 0.03 0.03 0.03 0.03	E 2/5 OF  CA  M 8. 4. 2. 1. 0. 718 Pus 2  33.25 92.56 92.19  Lenest 93.25 92.56 92.19  FUTUR 93.88 83.20 82.88	THONES 53 LLS ar ar 68 55 77 72 28 337 Prev. Change -0.08 -0.08 -0.07 -0.04 a day E) DM1m	Apr 8.95 (cents 1.250 (cents 1.	per pound] Feb	PUTS	Apr 0.49 1.01 1.54 2.98 4.56 8.44 764 COpen Int. 444,014 382,521 13,048 5,547
9475 0.02 0.05 0.03 0.05 0.18 0.21 0.62 0.64	INTERES INTERE	g and trains Feb 9.54 4.20 0.87 0.02 2.23 0.87 0.02 0.02 0.02 0.02 0.03 0.03 0.04 0.04 0.04 0.05 0.05 0.05 0.05 0.05	E 2/\$ OF CAME    6.   6.   6.   7.16 Pass 2    7.16	THONES 23 LUS	Apr 8.95 (cents 1.250 (cents 2.15 1.26 0.68 day's open in 1.25 1.25 1.26 0.68 day's open in 1.25 1.25 1.25 1.25 1.25 1.25 1.25 1.25	Per pound) Feb - 0.13 0.60 1.73 0.60 1.73 5.61 5.61 5.61 Low 93.22 92.53 92.17	PUTS	Apr 0.48 1.01 1.54 2.98 4.56 8.44 764 Copen Int. 444.014 287,782 13,048 5,547 2,400
0 001 001	INTERNATION AND TREES	g and trafac Feb 8.54 4.20 0.87 0.02 0.02 0.02 0.02 0.02 0.03 0.05 0.05 0.02 0.02 0.03 0.03 0.04 0.04 0.05 0.05 0.05 0.05 0.05 0.05	E 2/\$ OF CAME    6. 4. 2. 1. 0. 0. 0. 716 Puts 2 2 2 5 9 2 19    Latest   93.25 92.19    Latest   93.25 92.19    Latest   93.25 92.19    Latest   93.26 92.19    Mar CAME    C	### Provided from 1710NeS 53 LLLS	Apr 8.95 Apr 8.95 Apr 8.95 3.96 2.15 1.28 0.68 day's open in 93.35 92.71 92.33 \$1m per 10 93.94 93.27 92.89	ret calculated per pound] Feb	PUTS	Apr D.49 1.01 1.54 2.98 4.56 8.44 764  Open Int. 444,014 382,521 13,048 5,547 2,400
See and more Calle MAR Page 4500, Proping dayly need to Calle Annual Calle MAR Page 4500, Proping dayly need to Calle Annual Calle MAR Page 4500, Proping dayly need to Calle Annual Calle MAR Page 4500, Proping dayly need to Calle Annual Calle MAR Page 4500, Proping dayly need to Calle Annual Calle MAR Page 4500, Proping dayly need to Calle MAR Page 4500, Proping dayl	INTERIOR NATIONAL STREET NATIO	Eg and Italian  Feb 9.54 4.20 2.23 0.87 0.24 0.02 vol., Cats 4  0.03 10NTH ET  92.84 92.30  SURRY BB. 83.94 92.30  SURRY BB. FEK OPTIK	E 2/\$ OP  CA  M  8.  2.  1.  0.  718 Puts 2  FUTUR  93.88  93.20  92.88  93.20  See Put See  GAI  Mar  0.17	THONES 23 ULS ar ar ar a8 88 85 55 77 72 28 28 237 Prev. Change -0.08 -0.08 -0.09 -0.00 -0.07 -0.04 a day  E) DM1m LLS	### Adjustm ####################################	per pound] Feb	PUTS	Apr 0.49 1.01 1.54 2.98 8.44 764 44.014 382,521 287,782 13,048 5,547 2,400
	PHILADE Strike Price 1.500 1.505 1.500 1.575 1.600 1.575 1.600 1.625 Previous day's THREE M  Mar Jun Sep  LUS TREAS  EUROMA Strike Price EUROMA Strike Price 9450 9475	g and trains  Feb 9.54 4.20 0.67 0.22 0.02 0.02 0.02 0.03 0.04 0.04 0.04 0.05 0.05 0.06 0.06 0.06 0.06 0.06 0.06	E 2/5 OF  CAM  8. 4. 2. 1. 0. 7.16 Puts 2  WRODOLI  Latest 33.25 92.58 92.19  L FUTUR 93.88 63.20 92.88 for previous ONES (LIFF  CAI  Mar  CO.17	THONES 23 LLS	Apr 8.95 (cents 1.250 (cents 2.15 (cents 2	per pound] Feb	PUTS	Apr 0.48 1.01 1.54 2.98 1.91 4.56 8.44 764 444,014 382,521 287,782 13,048 5,547 2,400 Jun 0.45 0.64

0.06 0.17 0.38

0.34

0.60 0.79 1.00











NOTICE OF OPTION TO REDEEM

#### **Bank of Greece** (the "Issuer")

US\$300,000,000 Floating Rate Notes Due 2003 (the "Notes")

ATTEST SOTES

DESCRIPTION AND

NOTICE IS HEREBY GIVEN to the holders of the Notes by the Issoer that pursuant to Condition S(d) of the Notes the holders of the Notes may elect to have soch Notes redeemed by the Issuer on March 9, 1995, (the "Redemption Date"), at their principal amount together with interest accrued to the date of redemption. To exercise such option the holder must deposit such Note, together with all Coupons (in the case of Bearer Notes) relating to it which mature after the date fixed for redemption, with any Paying Agent together with a duly completed redemption notice in the form obtainable from any of the Paying Ageots, not more than 45 oor less than 35 days prior to the Redemption Date. No Note so deposited may be withdrawn (except as provided in the Fiscal Agency Agreement) without the prior consent of the Issuer. In the case of a Bearer Note payment will be made by a US dollar account maintained by the payee with a bank outside the United States upon presentation and surrender of the Note together with all Coupons appertaining thereto at the offices of the Paying Agents listed below. Payments of principal in respect of Registered Notes will be made by US dollar rheque drawn on, or by transfer to a US dollar account maintained by the payee with, a back in New York City against presentation and surrender of surk Registered Notes at the specified office of any of the Transfer Agents or of the Register. Interest on Begistered Notes will be paid to the persons shown on the Register of the Close of business on the fifteenth day before the day the specified office of any of the Transfer Agents or of the Registrar. Interest on Begistered Notes will be paid to the persons shown on the Register of the close of business on the fifteenth day before the due date for the payment of interest. Payments of interest on each Registered Note will be made by transfer to a US dollar account maintained by the payee with a bank in New York City or upon request by the holder by US dollar cheque drawn oo a bank in New York City and mailed to the bolder (or to the first named of joint holders) of such Note at his address appearing in the Register. FISCAL AGENT AND PAYING AGENT

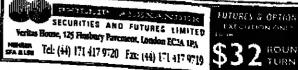
Morgan Guaranty Trust Company of New York P.O. Box 161, 60 Victoria Embenkment London EC4Y 0JP, England

PAYING AGENT Morgan Guaranty Trust Company of New York Avenue des Arts 35 B-1040 Brussels PAYING AND TRANSFER ACENT Bangur Paribas Luxembourg 10A Boulevard Royal L-2093 Luxembourg

REGISTRAR AND TRANSFER AGENT Morgan Gnaranty Trust Company of New York

By: JP Morgan as Fiscal Agent Date: Jaouary 18, 1995 BANK OF GREECE





#### INTERNATIONAL CAPITAL MARKETS

# JGB futures prices fall on news of earthquake

By Richard Lapper

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Government bond prices drifted lower yesterday, with the Japanese earthquake, the unexpected strength of US industrial production figures and political uncertainty in Italy depressing sentiment.

In Japan, the yield on the benchmark 10-year bond - the JGB 164 - rose 7 basis points to 4.72 in Tokyo trading as the markets digested the impact of the disaster. Futures prices fell sharply, with the 10-year contract down 0.56 points in Tokyo, partially as a result of hedging activity by US funds and other investors.

On Liffe, however, prices stabilised, with the March futures contract trading at 107.95 late in the day, 0.06 higher than its closing Tokyo price. Analysts

said investors were choosing to year note was down in at 100 le, stay on the sidelines as further details about the cost of the earthquake emerge.

Mr Stuart Thomson, chief economist with Nikko Europe, said yields could drop in the next few weeks if the Bank of Japan injects liquidity into the market. In the longer term, however, Nikko says yields could rise towards 5 per cent, as spending on reconstruction gives a boost to the economy.

US Treasuries gave up recent gains after data showing continued strength in the economy contradicted statistics raleased last week that hinted at a slowdown.

By midday, the benchmark 30-year Treasury had fallen by å to 96%, yielding 7.811 per cent. At the short end, the twoyielding 7.445 per cent.

The proportion of the economy being used in the production of goods hit a 15-year high in December as capacity utilisation reached 85.4 per cent, according to the Federal Reserve Board, Economists

#### GOVERNMENT BONDS

had expected the figure to be closer to 85 per cent. Industrial production was also stronger than expected, rising by 1.0 per cent compared with the widely forecast 0.6 per

The figures led some economists to predict an increase in inflation, which remained very low throughout 1994.

According to Mr Joseph Liro, chief economist at S. G. Warhurg Research: "Prices remain the way to ration increasingly strained resources and we very much expect the surge in capacity use to be reflected in higher final goods prices dur-

ing the first half of the year."
Although the bond market abbors inflation, which tends to erode the valoe of long-term securities, declines yesterday were moderate because the data reassured many that the Federal Reserve would raise interest rates again at the January 31 to February 1 meeting of its Open Market Committee.

Weak data on 1994 retail sales and consumer prices last week had led some to reverse earlier forecasts and speculate that the Fed might not raise rates at its meeting.

dampening effect throughout Europe, although local political difficulties were the main factors behind an abrupt fall in the Italian market.

On Liffe the 10-year contract fell 0.21 to settle at 99.50. It then slumped a further 0.95 points in late trading, as news of the potential difficulties faced by the country's new government emerged.

Thare are fears that the administration to be headed by Mr Lamberto Dini may not be able to win a majority in parliament. The yield spread of the BTP over equivalent German paper widened out by 5 basis points to 474 points, according to J.P. Morgan.

■ In Germany the March bund contract on Liffe, also fell in

**GrandMet raises** convertible terms ■ The US figures also had a late trading after settling at 89.46, down 0.19 points on Monday's close. In France, the notionnel rose by 0.06 points to settle at 110.68, though it too

By Conner Middelmann

drifted back later in the day.

Paribas Capital Markets, said

the narrowing of the yield

spread of French over German

paper (from 65 to 64 basis

points yesterday) provided fur-ther evidence of the recent ont-

■ Gilts also lost ground, with

the 10-year futures contract on

Liffe losing 1 to settle at 101%. The Bank of England

announced the terms of an

auction of long-term paper

scheduled for later this month.

Some £2bn of paper maturing in 2015 will carry a coupon of 8

performance by France.

Mr Graham McDevitt, of

Grand Metropolitan, the UK food and drinks group, yester-day surprised dealers by setting more generous terms on its five-year US dollar euroconvertible bond than indicated at its launch last week.

The coupon was fixed at 6.5 per cent, above the indicated range of 5.5 to 6 per cent, and the conversion premium was set at 13.2 per cent, at the low end of the indicated 13 to 17 per cent range. "There's no doubt about it -

this issue had been priced to get it away." said a London dealer. Since the attractions of the issue had not been immediately visible to investors, "the lead managers clearly had to kick-start demand." he added. At its revised pricing the issue saw strong demand, prompting book-runner Morgan Stanley and joint lead S.G. Warburg to exercise the over-allotment option, or greenshoe, for another \$110m, bringing the total issue size to

"This was our first equity-linked offering in the US," said said Mr Gerald Corbett, group finance director at GrandMet. "We wanted the issue to be a success and wanted to exercise the greenshoe - so we had to be a bit more generous on the terms than initially planned."

"At the end of the day, the market gets its price," be said, adding: "Did we like repricing it? No, but these things have to be done."

He also attributed the pricing revision to recent difficult market conditions sparked by the Mexican peso crisis, and the fact that the convertible bond has bad a difficult year. Nevertheless, "we got away a

huge deal at around 200 basis

points below our five year funding cost, we've increased the size, we've placed it - I have no complaints," he said. Morgan Stanley said about half the paper was placed with US fund managers, with the rest sold in Europe. The proceeds will help fund Grand-Met's recent £1.7bn acquisition

of US foods group Pet.

#### Croatia aiming to have BBB rating by year-end

Croatia aims to have its foreign debt rated at least triple B by the end of the year, Reuter reports from Zagreb.

Itsdebt is currently unrated. The country owes foreign creditors \$2.7bn and has also agreed to pay back a further 28.5 per cent of the former Yugoslav debt, though the precise amount has yet to be

determined. "The debt is manageable, it is not too high," said Mr Bozo Prka, Croatia's finance minister, noting that total debt amounted to 23 per cent of gross domestic product.

"We think we can get a triple B rating at least," he said The precondition is settling the foreign credit arrears,"

He did not say which rating agency Croatia planned to contact. Mr Prka said Croatia was working with UBS to help it get a rating. The government will have a

deficit equal to about 0.5 per cent of GDP in 1995 after posting a surplus in 1994 equal to 1 per cent of GDP, or about DM300m, down from 5 per cent in 1991. "We are not going to be treated as an over-indebted country," Mr Prka said.

# Fannie Mae tests the global market for callable bonds

By Martin Brice

The long-awaited \$1bn global callable bond for the US Federal National Mortgage Association (Fannie Mae) came to market yesterday.

The issue was seen as a litmus test for the global market in callable bonds, which are not well-known in the euromarkets but have long been a feature of funding by US agencies in the domestic market. The US agencies are now seeking to expand the market for callable bonds internationally. A syndicate official at Lebman Brothers, which has spent five months preparing the deal, said: "The success of this deal is critical for the future progress of the callable bond mar-ket."

The issue is the first under Fannie Mae's \$20bn global debt facility, which Lehman

Brothers is arranging. Lehman said the facility has been

designed to increase the transparency of the callable market. The bonds, which were launched after the US market had opened, was said to have received a good welcome in Europe, with around 25 per cent of the issue placed there.

#### INTERNATIONAL **BONDS**

The earthquake in Japan was not seen to have an immediate impact on the eurobond market, although the spreads on sterling bonds from Japanese issuers widened by 3 or 4

Dollar bonds from Japanese issuers held steady, although a \$300m five-year offering for a Japanese issuer was believed to have been postponed due to expected volatility in the gov-

ernment bond market. The earthquake also led to a fall in the futures on the Japanese government bond market, which led IBJ to change the coupon on an issue for OKB,

the Swedish export bank. The Y40bn, six-year bond was planned with a coupon of 4.25 per cent but the fall in JGBs prompted a coupon of 4.3 per cent at the launch.

The European Investment Bank, the biggest borrower of 1994 with around \$13hn of international bonds, was rumoured to be planning a yen deal with the same maturity for today and OKB pressed ahead with the deal rather than wait. In the event, IBJ said the deal met good

The European Investment Bank launched the first 15-year matador, with a Ptal5bn deal

Barrower US DOLLARS	Amount IIL	Coupon %	Price	Meturity	Fees %	Spread bp	Book runner
Federal Nati Mittre Associal	1bn	(g1)#	(a1)R	Feb.2005	0.325R	+80(7%%-04)	Lehman Bros./Memfil Lynch
El Ully & Co., Tranche A	200	8.125	99.83R	Feb.2000	0.30R	+3714(71414-99	Goldman Sachs Internationa
SILIDY & Co., Tranche B	<b>15</b> D	8.375	99.78R	Feb.2005	0.375R	+55(77676-04)	Goldman Sachs International
Sovereign Inv.Linked Secs.‡	200	(b)	100.125	Oct.2001	0.275		Mitsubishi Finance Inti.
YEN							
OKB+	40bn	4.30	100.00R	Feb.2001	0.275R	-	IBJ International
D-MARKS							
Kingdom of Sweden‡	1.5bn	(c)	99.967R	Feb.2000	0.15R		Deutsche Bank
SWISS FRANCS							
City of Vienne, Tranche 1	200	5.375	102.65	Feb.1999	1.75		Credit Suissa
City of Vienne, Tranche 2	100	5.375	102.60	Feb.2000	2.00	-	Credit Susse
CUILDERS							_
GECC	300	7.00	99.90R	Feb.1998	0.1875FI	+30(6*4%-97)	Rabobank/ SBC Nederland
B/V	200	7.50	99.88R	Mar.2000	0.275A	+19(8)4%-00)	ING Bank
De NIB	200	7.375	99.90R	Feb.1999	0.25R	+14(6%%-99)	ABN Amro/ Nibstrating
Sudwestdeutsche LB Cep.Mids.	200	7.00	99.95R	Feb.1998	0.1675R		ABN Amro/ CS First Bostor
AUSTRALIAN DOLLARS Queensland Tressury Corp.+	200	zero	82,84	Feb.1997	undisct.		Dalwa Europe
PESETAS European Investment Bank(d)	15bn	11,90	101,475	Dec.2009	2.00		Banco Central Hispano

brought via Banco Central Hispano, which said it had a large pre-placement arranged for the bonds, and had used a small syndicate of banks for the rest. The 15-year Spanish government bond was "difficult to

find", it said, which improved tor. Deutsche Bank, which demand for this issue.

The Kingdom of Sweden raised DM1.5bn in its first offering after joining the Euro-pean Union and after a 21/2-year absence from the D-Mark sec-

brought the floating-rate bonds, said it had received a strong response from central banks and institutions across Europe attracted by the rare

	COVE	RNM	ENT BO	NDS				<b>BUNO</b>	FUTURES	OPTIONS (I	JFFE) DM2	250,000 poin	ts of 100%		
		Red		Day's		Week	Month	Strike		CAI	LS			PUTS -	
	Coupon	Dette	Price	change	Yleid	200	ago	Price	Feb	Mar	Apr	Jun Fel	b Mear	Apr	Juŋ
Australia	9,000	09/04	92,1400		10.30	10.43	10.16	8900	0.58	0.92	0.80 1	.11 0.12	2 0.48	0.91	1,22
Austria	7.825	10/04	99,2200	+0.070	7.73	7,84	7.83	8950	0.28	0.84	0,59 0	1.89 0.32	2 0.89	1.20	1.50
Belglum	7.750	10/04	95.1500	-0.210	8.49	6.50	8.23	9000	0.10	0.42	0.42 0	.72 D.64	0.96	1.53	1.83
Canada "	9,000	12/04	87.1500	-0.700	B.45	9.32	6.96	Est. vol. tot	al Calls 169	70 Puts 11736	. Previous o	dey's poen led.	. Calls 1999	48 Puts 12	1825
Denmark	7.000	12/04	87,0200	+0.170	9.04	9.15	8.64		•						
France BTAN	8.000	05/98	100.8750	-	7.68	7,90	7.27	Italy							
CAT	7,500	04/05	95,1300	-0.190	8.21	8.33	7.91								
Germany Bund	7.375	01/05	98,7000	-0.210	7,56	7.62	7.34			AN GOVT. E		PIFUTURE	5		
Ireland	6,250	10/04	82,6500	+0.100	8.781	6.76	273	(CIFFE)	Tha Soon	100ths of	10076				
Italy	8.500	DB/04	80.6900	-0.200	11.96	11,59	11.71		Open	Sett price	Change	High	Low	Est vol	Open int.
Japan No 116	4,800	06/99	103,5850	-	3.86	3.97	3.61	Mer	99.70	99.50	0.21	100.10	98.80	47797	46793
No 184	4.100	72/03	96,1420	-0.450	4.72	4.70	4,63	Jun	20.10	98.66	-0.21	100010	55,50	0	56
Netherlands	7.250	10/04	96.6200	-0.230	7.72	7.76	7.46								
Portugal	8.875	01/04	B3.5000	+1.090	11.64	11.64	11.56	I [TALIAI	N GOVT, B	ONO (BTP)	FUTURES	OP HONS		מטטר mout	NS OX TUUY
Spain	10.000	02/05	88.3300	+0.070	11.87	11.87	11.13	Strike	-	CAL	IS			PUTS -	
Sweden	6.000	02/05	70.5650	+0.380	10.98	11.21	10.93	Price		Mar	Jun	1	Mar		Jun
UK Gilts	B.000	08/99	80-15		B.57	8.67 6.73	8.54 6.61	9950		1.20	2.01		1.20		2.86
	8.750	11/04	87-19	-4/32	8.65 8.64	8.69	8.55	10000		0.95	1.80		1.45		3.15
	9.000	10/08	102-27	-4/32		7.82	7.77	10050		0.73	1.61		1.73		3.46
US Treasury *	7.875	11/04	100-31	-15/32	7.73										3.40
ECU (French Govt)	7.500 2.000	11/24	96-10 83,7300	-16/32 +0.010	7.82 8.62	7.85 8.76	8.14	Est. vol. both	ni, Cells 353	6 Pum 1216.	Previous day	Le obeu mr" (	Calls 27269	PUIS 20902	
t Gross (including withto Pacea: US, UK in 32nds, o					Sour	co: MMS	International								
								Spain Notice	NAL SPAN	ISH BOND	UTURES	(MEFF)			
											Change		Low	Est vol	Open Int.
us interest	RATE	S						■ NOTIO	NAL SPAN Open 83.50	Sett price 83.44		(MEFF) High 83,90	Low 83.24	Est. vol. 67,932	Open Int.
	RATE	s		u Dillo and	Don't Via	Ida	_		Open	Sett price	Change	High			
US INTEREST			Treesur	y titles and	-	ids		Mar Jun	Open 83.50	Sett price 83.44	Change +0.03	High 83.90	83.24	67,932	53,936
	On	e morth	Treasur	5.47 TV 5.54 Th	o year		7.43 7.59	Mar Jun UK	Open 83.50 83.49	Sett price 83.44	Change +0.03 +0.43	High 83,90 83,49	83.24 83.04	67,932 200	53,936
Lunchistre Prime rate	81 <sub>2</sub> Tw 81 <sub>2</sub> Th	a month	Treasur	5.47 TV 5.54 Th 5.83 Fa 6.47 10	ro year re year -year		7.40 7.58 7.70 7.73	Mar Jun UK	Open 83.50 83.49 NAL UK G	Sett price 83.44 82.61	Change +0.03 +0.43	High \$3.90 \$3.49 \$50,000 \$2n	83.24 83.04	67,932 200	53,936
Lunchtime	0a 8½ Tw 8½ Tu 5½ Sta	g morth to sociali tee pionilis.	Treasau	5.47 TV 5.54 Th 5.83 Fa 6.47 10	o year re year		7.43 7.59 7.70 7.70 7.70	Mar Jun UK NOTION	Open 83.50 83.49 NAL UK G Open	Sett price 83.44 82.61 LT FUTURE Sett price	Change +0.03 +0.43 S (LIFFE)*	High 83.90 83.49 550,000 32n	83.24 83.04 ads of 1009	67,932 200 Est. vol	53,836 50 Open int.
Lunchilstrie Prime rate Beolee Ipan rate Fed Aurola	0a 8½ Tw 8½ Tu 5½ Sta	: month	Treesur	5.47 TV 5.54 Th 5.83 Fa 6.47 10	ro year re year -year		7.43 7.59 7.70 7.70	Mar Jun UK NOTION	Open 83.50 83.49 NAL UK G Open 101-13	Sett price 83.44 82.61 BLT FUTURE Sett price 101-08	Change +0.03 +0.43 S (LEFFE)* Change -0-02	High 83.90 83.49 550,000 32n High 101-17	83.24 83.04 ids of 1009 Low 101-04	67,932 200 Est. vol 40534	53,936 50 Open int. 92686
Lunchilstrie Prime rate Beolee Ipan rate Fed Aurola	0a 8½ Tw 8½ Tu 5½ Sta	: month	Treasur	5.47 TV 5.54 Th 5.83 Fa 6.47 10	ro year re year -year		7.43 7.58 7.70 7.70	Mar Jun UK Mar Jun	Open 83.50 83.49 NAL UK G Open 101-13 101-21	Sett price 83.44 82.61 BLT FUTURE Sett price 101-08 101-11	Change +0.03 +0.43 S (LIFFE)* Change -0-02 -0-01	High 83,90 83,49 \$50,000 32n High 101-17 101-21	83.24 83.04 ids of 1009 Low 101-04 101-18	67,932 200 Est. vol 40534 70	53,836 50 Open int.
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								Strike		CAL				· PUTS —	
								Price		Mar	Jun		Mar		Jun
								101		1-10	2-12		0-58		1-54
								1 102		0-43	1-45		1-27		2-23
BONE	FUTUR	es ani	OPT	TONS				103		0-22	1-20		2-06		2-62
									otal. Carls 247						
	Open Open	Sett price	Change	High	Low	Est. vol. 143,308	Open int. 134,761	Ecu B ECU	BOND FUTU	RES MATIF	,				
Mar	110.88	110.68	-0.08	111.02	110.58	365	4,075			•			1	Pag and	O
Jun	110.10	109.90	-0.10	109.62	109.52	150	1,419		Open	Sett price	Change	High	Low	Est vol	
Sep	109.52	109.62	+0.20		109.52	150	1,410	Mar	80.94	90.82	+0.02	81.06	90.70	2,816	6,020
E LONG	TERM FREN	ACH BOND	OPTION	S (MATIF)				Jun		90.66	+0.02	-	-	-	1
Strike		CAL	18			PUTS -									
Price	Feb			Jun	Feb	Mar	Jun	us							
109		-	_		0.06	0.38	-		REASURY B	OND EXTRE	SES ICED	2100 000 1	Sade of 10	ns.	
110	0.77			1.60	0.19	0.87	1.67	- 00 11							
111	0.24				0.57	1.09	-		Open	Latest	Change	HBgh	Low	Est. vol.	Open int
112	0.04			08.0	-	-	-	Mar	100-07	100-01	-0-03	100-14	99-26	493,556	380,588
113	-	0.1	6		-	-	-	Jun	99-25	<del>98</del> -19	-0-03	100-00	99-13	5,184	18,072
	otal, Calle 26,85	1 Puts 29.8	62 . Previo	ous day's ope	on Int., Calls	180,422 Puts	156,510.	Sep	-	99-13	•	•	-	110	1,485
Gerra	any NAL GERM	N BUND F	UTURES	(UFFE)" DI					0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0			OVT. BON	o FUTURI	53	
	Open	Sett price	Change	High	Low	Est. vol	Open Int.				Change	14-6	1	Est. vol	Open int.
Mar	89.71	89.46	-0.19	89.95	89.36	139725	186512		Open	Close	Cutange	High	Low		
Jun	89.23	88.99	-0.19	69.35	88.90	1431	3139	Mar	107.89			108.09	107.67	3190	0
								- UFFE to	tures also med	ed on APT. A	Open Inter	est Sge. are	for previous	day.	-
_				-	-	4						75.6	1000		
UK (	IILTS PE	NCES			7.					A 100 M		91.7			
								leid Rad Prica S		94/95			Yield		_ 1994/95
				1984											

Cope   Titles   Tit	NOTE	WAL FREN	H BOND	TURES	(MATIF)											
Mar   110.00		Open	Sett price	Change	High	Low			Ecu			_				
Section   108.62   108.62   4.020   108.62   108.62   108.62   150   1.419   166   166   167   167   166   167	Mer	110.88	110.68	-0.06	111.02				ECU	BOND FUT	RCES (MATI	7				
STATE   CALLS	un	110,10	109,90	-0.10						Open	Sett price	Change	High	Low	Est vol	Open in
LONG TERM PRINCH BOND OPTIONS (NATE)   Jun   90.56 +0.02	iep	109.52	109.62	+0.20	109.62	109.52	150	1,419	Mar	80.94	90.82	+0.02	81.06	90.70	2,816	6,020
Feb   Mar   Jun   Feb   Mar   Jun	LONG	TERM FRE	NCH BONE	OPTION	IS (MATIF)								-	•	•	1
## US TREASURY BOND FUTURES (CET) \$100,000 3cmds of 100% ## US TREASURY BOND FUTURES (CET) \$100,000 3cmds of 100% ## US TREASURY BOND FUTURES (CET) \$100,000 3cmds of 100% ## US TREASURY BOND FUTURES (CET) \$100,000 3cmds of 100% ## 100,47 1.57 1.59	trika															
0.77 1.91 1.90 0.18 0.97 1.07 1.99 1.00 0.18 0.97 1.07 1.09 1.00 0.18 0.07 1.09 1.00 0.18 0.00 1.00 1.00 0.18 0.00 1.00 1	rice	Fel	. M	ar .	Jun				US							
11	09				-			_	■ US T	REASURY E	IOND FUTU	RES (CBT)	\$100,000 :	32nds of 10	00%	
111 0.24 0.07 0.38 0.00 - 0.38 0.00 - 0.38 0.00 - 0.38 0.00 0.00 0.00 0.00 0.00 0.00 0.00					1.60			1.67		Onen	Latest	Chenge	High	Low	Est. vol.	Open in
12							1.09		Mar							380,58
Sept		0.0			0.00	-	-									18,072
### Open Sett price Change High Low Est. vol Open Int.    Copen Sett price Change High Low Est. vol Open Int.	113 50 w/ 6	ed Colle 26.8	51 Pure 29:	10 RGŽ. Previs	ouadev∕sop	en Int., Calls	180,422 Puts	156,510.				-	.00.00	-		1,485
Company   Sett price   Change   High   Low   Est. vol   Open   Close   Change   High   Low   Developed   Change   High   Low   Est. vol   Open   Close   Change   High   Low   Developed   Change   Change   High   Low   Developed   Change   Change   High   Low   Developed   Change   Change   Change   Change   Change	-									_	WEDER IA	DANIERE G	OUT DO	vo amé	NEO.	
Comment   Comm	NOTIC	NAL GERM	AN BUND	FUTURES									DY (. BUT	אט רטוטה	125	
Section   Sect				_	•			-		Open	Close	Change	High	Low	Est. vol	Open in
The control of the									Mar	•			_	107.67	3190	. 0
Trans   1994/85	un	89.23	88.99	-0.18	09.30	00.00	140.	0.00			sed on APT.	M Open inte			e day.	
1984/05						_										-
Notices   Column   Price   Face   Price   Face   Notices   Face   Notices   Price   Face   Price   Face   Notices   Price   Face   Price	CIK C	ILTS P	RICES						3.0		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1					
Conversion   Spec   2004						_					-					
Conversion   Spec   2004						APR.			Viole	15	04/05			Viete		1994/95
Conversion   Spec   2004		Notes	est Rec	Price E +	or High	100							Notes	(1) (2) P	7108 E + 0F-	High L
The property of the property o	herica dh	es up to Flot V	eent)			Conv							_6)			2035 197
13.18 6.97 100% at 117.5 100% 1			3.03 6.2	7 99-3								G '96		172 4.14	2018 +3	113.3 10
Topic 1998   13.18   6.97 100%   117%   1064   Trees 121 per 2003-5   10.33   9.01   127%   14%   14%   18%   18%   18%   18%   17%   19%   12%   18%   12%   18											2 2 21			50 389	1664	113 5 10 178% 16
110 3 10 10 10 10 10 10 10 10 10 10 10 10 10			12.17 6.7		113%		9 ½ pc 2005				2 1424 21	DDC 103	_maa		1624 -4	1735 <sub>2</sub> 15 1183 <sub>2</sub> 10
10.57   10.5					121#	10012 (100		6 10.33			1104 41	yoc '04#	.(1 <b>35</b> .6) 3	1.58 3.88	1083) -4	1183 10
13   13   13   13   13   13   13   13						101 (5									100 A 101	18443 16 16833 14
13   13   13   13   13   13   13   13			9.56 7.9	2 103星	1124	103 <sub>1</sub> BP									14841	1755 15
10.57   10.54   10.97   10.04   10.97   10.04   10.97   10.04   10.97   10.04   10.97   10.04   10.97   10.04   10.97   10.04   10.97   10.04   10.97   10.04   10.97   10.04   10.97   10.04   10.97   10.04   10.97   10.04   10.97   10.04   10.97   10.04   10.0			7.17 8.1	3 97 2 3		96% Ind									301-si -1-	146 <sup>1</sup> e 12
### 1986   1987   1003   1103			12.10 8.0	6 109\3¥d							2 12				39시2회 - 19	131 😥 18
### 15pr 1987   12,33											21	20c '20'	_#3.0r 3	1.76 3.89	13265 3	152() 12
Sup: 1986					13748						9139	2PC 24#			10 kg - 3	129 10 129 11 10
The Part 1998   17.50   3.46   963   165   55   165						10233	apr 244	472	0.03	V 11311141	* *** 4	apc 30##	.035 1} 3	ו הפנג נה.	15-416 —15 	ui gregi It thin an
1886   1846					1065	95%					PTO:	Specifyo roo	recempus	n company	Officer span	apinasa
14pc 1989   1274   145   1274   145   1274   145   1274   145   1274   145   1274   145   1274   145   1274   145   1274   145   1274   145   1274   145   1274   145   1274   145   1274   145   1274   145   1274   145   1274   145   1274   145   1274			7.10 8.4	8 95 <sup>7</sup> a							lade	edna de 6 n	norths once	to essuel a	and have bee	n adjusted
Table   1986   1987   1986   1987   1986   1987   1986   1987   1986   1987   1986   1987   1986   1987   1986   1987   1986   1987   1986   1987   1986   1987				9 1167							refic	ct rebesing	of APIto	100 m Fe	sbruary 1987	. Convers
Tests Sept. 1984; 821 8.57 100%	THE 15120	· 188##			1257		Eller Veers						Pl for April	1984: 144.2	and for No	vember 19
10.57   10.58   10.58   11.2				5 11Ug		TOTAL Trees	6 1/4pc 2010.	7.75	8.50 809	ii +-⊼ 98.	. 77t≛ <sup>145</sup>	3				
Team 10 Tags 1886	1985 8-50C	199947								R +2 126	1 10022			_		
Treams Size (1999 ##	701 124PC	1000			400	105 to Trees						her Fb	ted int	erest		
### Communication 10%-pc 1989					+& 1013	8812 1		2tt 7,42			71%					
Trans Rupe 2017:15:1: 8.38 8.53 62 kml + 1 114 89 8 Nones int Red Price 5 + or - High Price 1998				6 1067		TOTAL TOTAL					92			_ Yield		1994/95
Tream 6-Lipe 2017; 1. 8.54 8.51 180; 3 +3 120 4 99.5 Askin Daw 10 Lipe 2009 9.29 8.94 110; 1324 8.74 129; 2 +1 159 2 125 8 8 1 11 11 2 2012 9.79 9 42 117 2 142 8 1 159 2 117 2 142 8 1 159 2 117 2 142 8 1 159 2 117 2 142 8 1 159 2 117 2 142 8 1 159 2 117 2 142 8 1 159 2 117 2 142 8 1 159 2 117 2 142 8 1 159 2 117 2 142 8 1 159 2 117 2 142 8 1 159 2 117 2 142 8 1 159 2 14			_	994	100会								Notes	int Red	Pdice ! + or -	High L
9ach T2pc 2013-17 9.24 8.74 T29½ +1 159½ 1256 8 Team 1112pc 2012 9.79 9.42 117½ 142  Petand Cap 1966 8.58 - 1094 105½  Petand Cap 1966 8.58 - 1094 105½  Petand Cap 1966 8.58 - 1094 105½											. mai —	- Nov. 481 4	2000 -	An 00:	44011	1321 10
Bris   97   1672   1672   1673   1674   16											. ASIA				417[-	
9pr Cap 1906 8.09 10714 1153						ساب										
In the College Visits																103 <sup>1</sup> 2 9
8ec 2000 8.21 8.54 1/15 + 5 275 Hydro Dashec 15oc 2011 10.65 9.90 1407 1694   2er 9ec 200011	No is Fille	og Támit			. 3 00%	98									1074	115%
389 9c 20001 Legis 13-3pc 2006 10.91 - 1274 1484	Rec 2000			4 979	** 27						Hydr	e Dumbac 15pr	2011. 10	65 9.90	14012	16984 13
Dama Time 2000 10.99 8.75 118% +-> 13665 11655 Updamid	any Spc 20		6.57 L5 10.98 L7		+3 13563						Lies	ls 13 <sup>1</sup> 2pc 200	5 10		1274	149% 1

FT-ACTUARIES	FIXED	INTERE	ST IND	ICES											
Price Indices JK Gitts	Tue Jan 17	Day's change %	Mon Jan 16	Accrued	xd adj. ytd		- Low Jun 17		yield Yr. ago	- Mediu					
Up to 5 years (24)	118.87	+0.04	112.82	1,59	0.90	5 yrs	8.81	2.63	5,68	8.83	2.86	5.84	8.83	8.84	6.05
5-15 years (22)	140.18	+0.16	139,95	2.75	0.00	15 yrs	6,52	8.54	6.45	8.64	2.66	6.56	6,88	8.89	277
Over 15 years (9)	155.62	+0.16	155.33	2.31	1.16	20 yrs	8.49	8.51	6.57	8.64	8.66	6.60	8.83	8,84	5,79
Intedeemables (6)	176.89	+0.30	176.36	1.91	00.0	bred.†	6.55	8.58	270						
All stocks (61)	136,72	+0.12	136.55	2.29	0.51										
							_	Intleti	on 5%		-	- Inflatio	n 10% -	_	
ndex-linked				_			Jer	17 Jer	16 Yr.	ക്കുര	Jen	17 Jan	18 Yr.	Δgq	
Up to 5 years (2)	187.84		187.94	1.50	0.00	Up to 5 yrs	. 4	.07 4	.06	2.20	2	90 2	.89 1	.42	
Over 5 years (11)	173.32	-0.07	173.74	0.40	0.59	Over 5 yrs	3	.89 3	.89 :	2.96	3.	71 3	71 2	.80	
All stocks (13)	173.93	-0.07	174.32	0.50	0.53										
werage gross redemption y			on Bende I	out Objects die	Marther W	4-1701H- LEON	11% and	ner 1 8		of Vancon In a	-				

FT FIXED II	FIXED INTEREST INDICES Jan 17 Jan 18 Jan 13 Jan 12 Jan 11 Yr 290 His								GILT EDGED A					
	Jan 17	Jan 15	Jan 13	Jan 12	Jan 11	Yr ago	High*	Low"		Jan 16	Jan 13	Jen 12	Jan 11	Jan 10
GOVL Sees, IUIO	61.D7	90.97	81.12	90.75	90.83	106.13	107.04	89.54	Gilt Edged bargains	81.D	80.4	78.7	85.8	89.3
lixed Interest	109.34	109.25	109.25	109.18	109.22	132.79	233.87	108.50	5-day average	85.0	84.2	63.7	85.1	85.0

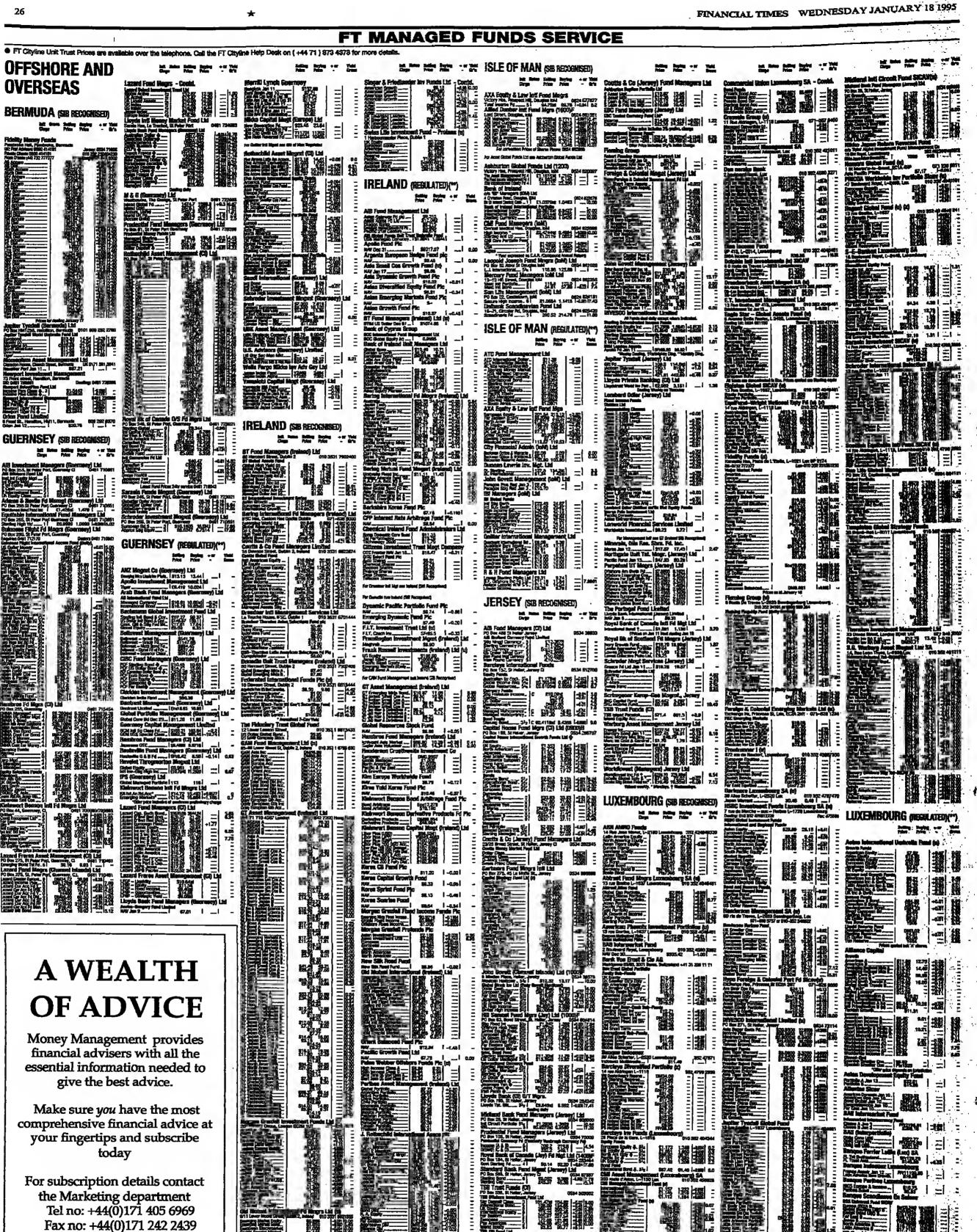
les les						to secondary market. Lettest prices at					legued	pr. 1	<b>A#</b>	~	
	med B	d Of	er .	Chg.	Yleki	Isqued			Cing.	Yield			921 <sub>4</sub>	<u>_</u>	
S. DOLLAR STRAIGHTS bbby Nett Treasury 6 <sup>1</sup> 2 00	1000 0	al.	89	18	8.42	United Kingdom 71, 97 5500	100%	7007g ولاد8	45	6.BD 7.98		92 100	105%	4	
berta Province 7% 98	. 1000 9	BL S	983	-8	8.08	Volkswagen Intl Fin 7 98 1000 World Bank 0 15 2000 World Bank 5 2 00 3000	213	2112	-	7.65	Allence Letts 11 <sup>3</sup> <sub>1</sub> 87 £ 100 British Land 8 <sup>7</sup> <sub>8</sub> 23 £ 150	891	8912	والم	
oria 6 <sup>1</sup> 2 00	_ 400 10	152	102	ᅪ	8.09	World Bank 5% 00	8838	8812		7.74	Denmark 634 98 £ 800	9312	9314		
mir Nort Component 700	1000 8	CL (	96 <sup>1</sup> 2	ų,	7.99	World Bank 83, 00 1250	110	11012	+34	8.44	EB 10 97 C	1024	103		
rik of Toleyo 8 <sup>3</sup> g 95	100 10	03, 1	OO3.	4	7.99	Miles					Heliax 10 <sup>3</sup> g 97 £ 100 Henson 10 <sup>3</sup> g 97 £ 500	1034	103 <sup>1</sup> 2 103 <sup>1</sup> 2		
10 2 00	160 0	65 1	007 1	3	7.93	SWISS FRANC STRAUGHTS Asian Dev Benk 6 10	109	103	+12	5.60	HSBC Holdings 11.59 02 £ 153	105%	1094	٦.	
tish Gas 0.21	1500 1	11.	111		8.54	Austral 41- 00 1000	974	98	4	5.01	kely 10 <sup>1</sup> 2 14 E		10612	1. 1.	
mada 9 96	1000 10	14 1	DI S		7.63	Council Europe 414 93 250	9914	100%	يد	4.84	Jopan Dev Bk 7 00 £ 200	0112	914		
rrada 9 96 Bung Kong Fin 5½ 00 Bina 6½ 04 Bung Fin 5½ 00 Bung Fin 5½ 08 Bung Fin 5½ 99 Bungar 5¾ 98	_ 500 8	88 9	188		9.34	Denmark 4 <sup>1</sup> 4 99 1000	971	974		4.94	Land Secs 912 07 C 200	963	987		
ria 6 <sup>1</sup> 2 04	. 1000 8	34	84	44	9.48	EB 64 04 300	10642	107 <sup>1</sup> 2 110 <sup>1</sup> 2	44	5.85 5.96	Ontarto 11 <sup>1</sup> g 01 £ 100 Powergen 8 <sup>2</sup> g 98 £ 250 Sovern Trent 11 <sup>1</sup> 2 99 £ 150 Totayo Bisc Power 11 01 £ 150	10/7	108		
unci Hulope 6 05	_ 100 10 900 10	4L 10	35	ᅸ	7.77 8.08	Enland 71, 69 300	10712	100	7,	540	Seem Trent 11 <sup>1</sup> 2 99 C	198	10614	وتد	
omerk 5% 98	1000	04	344	4	8.00	Hyunda Motor Fin 812 97	106 <sup>1</sup> 2	10732	2	578	Tokyo Bisc Power 11 01 \$ 150	107%	1084	_	
st Japan Railway 6 9 04	600 B	93, (	191	1	8.32	lockand 75 <sub>8</sub> 00 100	10712	108 <sup>1</sup> 2	_	5.98	Abbay National 0 96 NZS 100	854	85%	12	
SC 84 98	195 10	D <sup>5</sup> 8	101		7.80	Kobe 63 01 240	104	104%		5.62	TCNZ Fin 94 02 NZ\$ 75	83%	100 <sup>5</sup> 8	<u> </u>	
SC 8 <sup>1</sup> 4 98	100 10	D <sup>5</sup> R 10	107		7.71	Ontano 6 <sup>1</sup> 4 03 400	1024	10222		5.50	Credit Local 6 01 FF? 7000		63% 100%		
3 74 96	250 10	Dig 1(	737 710	ュ	7.90 7.95	Cuenec Hydro 5 98	100	86 <sup>1</sup> 2 109 <sup>1</sup> 2	42	6.76	Bec de France 874 22 FFr 3000 SNCF 974 97 FFr		100°n 103°n		
3 94, 97 3 94, 97 cc de Fisince 9 98 colima 84, 98 -Im Bank Japan 6 02 port Dev Corp 94, 98	200 10	o~g 10 21⊿ 10	123	7	215	Kobe 69 01 240 Oreano 814 03 400 Ousbee Hydro 5 86 100 World Bank 5 03 150	971	97-4	_	5.40	400	-100-4	100-8		
olima 8% 98	_ 100 10	112 10	ηì	7	7.80	World Bank 7 01 600	198	198	134	5.43	FLOATING RATE NOTES				
lm Bank Japan 6 02	_ 500 B	33	195	4	0.40				-		fesued	Bki	0	fler	1
ont Dev Corp 912 98	150	104 10	4	-14	B.11	YEN STRAIGHTS Belgum 5 98					Abbey Ned Treasury - 98 1000	99,46	99	153	6
	- 1500	~	16 <sup>1</sup> 4 17 <sup>1</sup> 4	냨	8.17	Belgum 5 98	100%	1035 <u>1</u> 1101 <sub>2</sub>	7	4.22 4.36	Benco Roma 0 99 200	99.92		022	6
land 6% B7 rd Motor Credit 6% 98	1500				8.10 8.36	E86 6 <sup>5</sup> 1 00 100000 Prised 6 <sup>3</sup> 4 98 50000	104	104%		283	Barroo Roma 0 99 200 Balgium 16 97 DM 500	100.05			5
n Binc Chelon Rin 98	_ 300 10	14 10	باري واي	•		Inter Armer Dev 714 00 30000	11312		4	4.35	BFCE -0.02 98 350	99.80		91	6
MC 9 <sup>1</sup> 8 98 BA Japan Fin 7 <sup>2</sup> 8 97	200 10	14 10	ηŠ		8.02	traly 31 <sub>2</sub> 01 300000	92%	927	74	4.86	Britannia 0.10 96 £	99.84 99.75		1.31	5
Bit. Jepen Ph 73 97	_ 200 9	91 9	95		5.29	Japan Dev Bk 5 99	1035	1034	÷.	4.13	CCCE D BR For 200	99.00		125	
Amer Dev 72 98	_ 200 9	Ps	100	-4	7.83	Japan Dev Bk 61- 01 120000	110%	110¾ 104¾	ي. پد	4.51 3.09	Cameda → 98 2000 CCCE 0 98 Ecu 200 Credit Lyonnos → 00 300 Denmark → 98 1000	97.A7		103	ē
64 23	- 350D 7	34 /	785 <sub>8</sub>	٠.	9.20 8.16	Notice 51 07 150000	1045	104-2		3.16	Denmark - 98 1000	99.57		1.66	5
an Dev 8k 8 01 sel Bloc Per 10 96	_ 350 10	24 10	25	3	7.91	SNCF 63, 00 30000	110%	111	4	4.36	Dreadner Finance & 98 DM 1000	98.99			5
RE HISC Proper 636 IX	1376 A	De .	85	•	9.12	Inter Amer Dev 74 00	196	106 <sup>1</sup> 4	-4	4.74	Ferro dei Stat 0.10 97 420 Finland 0 97 1000	99.94 99.96			6
8 Fin B. 97	_ 200 9	9 و	97	4	6.35	Sweden 45, 98 150000	1023	102 <sup>1</sup> 2	4	9.78	MA Benk Inti 14 98 500	99.93			8
sushita filec 714 (12	. 1000 9	4		4	834	World Bank 614 02	1034	104	-4	4.66	traty 1/4 96 2000	100.03			ě
28 Fin 8.97 sushita Bisc 7½ (22 way 7¼, 97 anio 7½ (33)	. 1000	96	9 <sup>1</sup>	٠.,		OTHER STRAIGHTS					LIGB Beden-Waert Fin -1 <sub>8</sub> 99 1000	99.32		141	5
er Kontrolibenk 61 <sub>2</sub> 01	200 10	5 10	17	곫	8.17	Genfinance Lux 9 <sup>3</sup> g 98 UFr 1000	104 <sup>1</sup> 2	105 <sup>1</sup> 2		7.62	Lloyds Bank Perp S 0.10 600	84 00		100	5
n C	~~~	37. f	100		7.62	IKS Daus Industrik 812 03 UFr 3000	10034	10114		8.45	Metrysin 1 00 650 New Zeetand 4 99 1000	99.20 99.72		142 178	5
higal 54, 00	. 1000 8	4 6	412	44.48	8.50	World Bank 6 96 LF? 1000 ABN Amro 65 00 FI 1000	10012	1014		7.52	Critario 0 99	99.56		162	5
Dec Hydro 64, 96	_ 150 100	3 10	M.S.	4	8.46	ABN Armo 65 DO FI	954	95 <sup>1</sup> 2 04 <sup>1</sup> 2		7.78 6.09	Plenie 0 99 500	99.36		55	6
COC PTOV 9 EB	_ 200 10	2	102 102	-18 -18	8.43 8.02	AlbertaProvince 10% 96 CS 500		10112	٠.	9.32	Penie 0 99 500 Societe Genecile 0 96 300	99.53		51	5
5007 84 50	200 10°	178 124. 17		<u></u>	8.86	Bell Cenerlo 10°s 99 CS 150	1017	1023	4	10.05	Stantsbank Bedin -0.05 96 DM _ 6000	99.94		.98	5
SF 9½ 98	150 10	4 1	4	4	8.07	British Columbia 10 98 CS 500	1005	100%	4	6.41	State Bk Victoria 0.05 98 125			198	6
n 6 <sup>1</sup> 2 99	1500 9	3	Pi	4	8-11	BB 10 <sup>1</sup> <sub>8</sub> 99 CS 130 Bot de France B <sup>1</sup> <sub>4</sub> 98 CS 275	1027	103%	12	9.01	Sweden 0 98 1500	98 81 98 69		187	6
> 9½ 96 in 6½ 99 in 8% 8½ 96	200 10	Ps 10	10%	-	7.87	Elec de France 94, 99 CS 275	10012	100%	4	9.69	Sweden -1g 01	99.84		189	6
100m 5-2 03	. 2000 8	#2 1	94	4	8.47	Gen Bec Capital 10 50 CS 300	100Pg	1013	4	9.42 9.93			-	_	٠
yo Bec Power 6 <sup>1</sup> s 03	700 100	Ang 10		ᅶ	7.77 8.28	Nippon Tel Tel 10 <sup>1</sup> 4 99 CS 200	1017	100-% 102	-	9.62	CONVERTIBLE BONDS				
O DEC POSES 648 US	. 1000 0 200 40	1~3° c 25a 10		3。	7.84		802	90 <sup>1</sup> s	4	10.08		Conv.			
yo Metropolis 8 <sup>1</sup> 4 96 ota Motor 5 <sup>5</sup> 5 96	1900 0	ا الأ	117.	ュ	7.97	Orisano 6 03 CS 1500 Orisano Hydro 107, 98 CS 500	1034	10312	٠,	9.90	legraph .	Price	BH C	Mer	P
ed Ningdom 714 02	3000 9	1,	53	ي ا	8.04	Oster Kontrollbenk 1014 99 CS 150	10112	102	<b>-1</b> €	9.79	Browning-Fents 63: 00 400	52l <sub>2</sub> (	90% 0	11%	
d Bank 8 <sup>3</sup> g 99	1500 1		21	4	8.01	Quebec Prov 10 <sup>3</sup> 2 96 CS	1017	م 101ء	4	10.12	Browning-Ferris 63, 00	O 10	01% 10		
d Barek 8 4 97	1500 100	10	212	4	7.72		1013	102		7.26	Gold Kalgoorlie 7 <sup>1</sup> 2 00 98 1.5	3554 1		gl.	+
						Columnal Europe 9 01 Ecu	101%	1014	+1	8.71	Hageon 9 <sup>3</sup> > 06 £ 500 24	5875	104 10		
itsche mark straights	3					Credit Lyconnais 8 96 Ecu	1014	1014		7.90	Harreon America 2.39 01 420 302	3766 7	714 7		
fiz 6 <sup>1</sup> 2 24	2000 8	4 8	5,5	41 <sup>8</sup>	811	EB 10 97 Ecu 1125 Feoro del Stat 10 <sup>1</sup> a 98 Ecu 500	1034	104	41-	7 <u>.95</u> 8.54	Hong Kong Land 4 01 410 3		ו פו		4
# Foncier 71s (13	. 2000 9	54 9 5	6 <sup>1</sup> 2		7.99	Hatto dei Seet 104 98 Hou 500	104	108 <sup>1</sup> a	7	8.82	Land Secs 64, 02 C 84	6.77	83)4 B		
mark 6 <sup>1</sup> g 98	1600 O	72 B	73 0	4	7.82	haly 10% 00 Edu 1000 Spein 8 08 Edu 1000	101%	102	•	7.43	Learno 74 00 £ 90			ici	
£a Finance 6			96	-	7.80	United Kingdom 91/2 01 Ezu 2750	1023	102%	+1 <sub>E</sub>	8.55				27 64	
			7	4	7.27	ADC 10 98 AS 100	9734	98 <sup>1</sup> 4	-,	10.63			15% 11		•
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OIL EXPLORATION & PRODUCTION - Cont. 

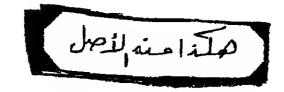


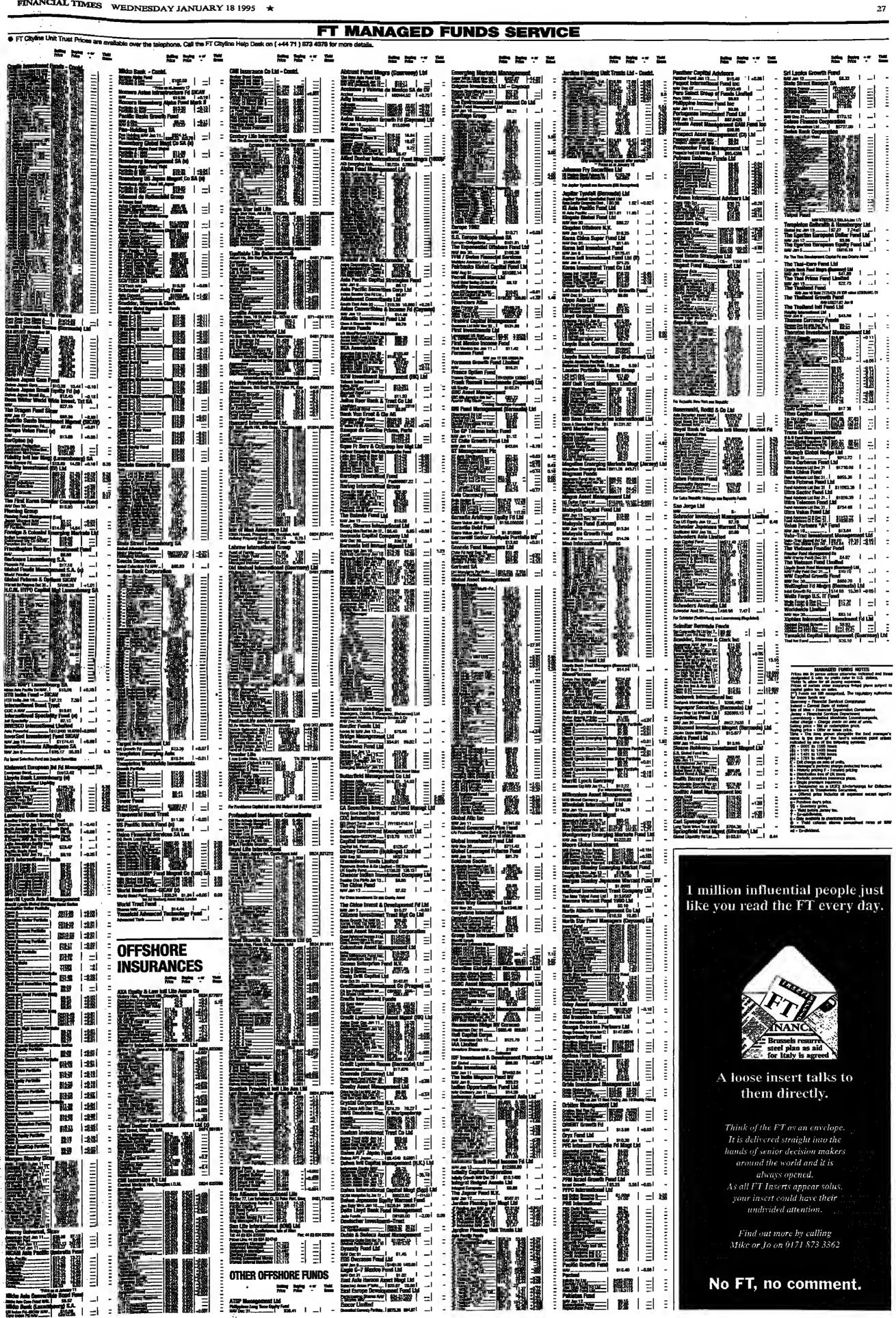
MONEY MANAGEMENT

FINANCIAL TIMES

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#### LONDON STOCK EXCHANGE

# Early advance reversed as Wall Street opened

By Terry Byland, UK Stock Market Editor

Initial optimism regarding the outlook for interest rates was abruptly reversed in the London stock market vesterday after strong US industrial production data revived concern that the Federal Reserve may tighten credit again when it meets at the end of the month. Falls in US equity and bond markets soon wiped out the early gains in London, which had followed favourable comments on domestic rates from the governor of

the Bank of England. At the final reading of 3.054.4. effectively the low of the day, the FT-SE 100-share Index was 22.3 points off. At that stage the Dow Average was 10 points down as US investors backed away from the

implications for interest rate at his February 2 meeting with the policy of the 85.4 per cent Decpolicy of the 85.4 per cent December capacity utilisation rate in the US - the highest for nearly six vears.

The about turn in the London market, which was accompanied by at least one "sell" programme, indicated that Monday's advance, achieved in the absence of a definitive lead from the US, had been

In early trading, the Footsie put on nearly 8 points, encouraged both by the comments overnight from Mr Eddie George, the Bank governor, and also by the latest survey of the UK distributive trades by the Confederation of British Industry.

The governor appeared to hint that he saw no need at present for a rise in interest rates, raising hopes that he would take a neutral stance

The CBI report showed satisfac-

tory Christmas sales, balanced to some extent by predictions of a falloff in the current month. Favourable views on Christmas retailing found encouragement from the trading report from Tesco, the high street supermarket group; however, there was little response from the Tesco share price.

The sharp movements in the Footsie confirmed that activity was mostly to the blue chip stocks, and often futures-related. The FT-SE Mid 250 Index slipped 7.3 points to 3,466.6. Seaq reported trading volume remained high, with 540.9m shares passing through the market's electronic network compared

with 535.2m on Monday. Monday's retail, or customer, business in equities was worth £1.23bn, confirming that genuine investment business has remained at comfortably profitable levels from the point of view of the London based securities industry.

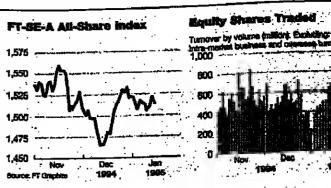
These levels of turnover suggest that the big investment institutions have been buyers, as well as sellers, of UK stocks during the opening weeks of the new year. Market strategists have taken the view that the first quarter of 1995 will bring the major part of an expected gain in the stock market this year.

There was little response from UK insurance stocks to the earthquake in Japan. Although some European insurance shares reacted mildly, the view of sector analysts was that it was unlikely that any serious harm would come to the insurers - Japanese earthquake risks are among

the most widely researched in the industry. Leading insurance firms are likely to have spread their risk widely and to have covered possible claims by contingency funds.

The UK market is poised for the announcement this morning of the December retail price index, which will provide the latest test of inflationary pressures in the domestic economy. Equity analysts expect the underlying rate to remain close to the annual 2.3 per cent of previous months, and would certainly not like to see any increase.

Also facing the UK market today will be the latest domestic unemployment, wage costs and average earnings figures, all important indicators of inflationary pressures in the economy and likely to influence the views on interest rates of the Bank of England and the Treasury.



■ Key Indicators Indices and ratios FT-SE 100 -22.3 FT-SE Mid 250 3488.G -7.3 FT-SE-A 350 1529.4 1513.87 FT-SE-A All-Share

(4.01)FT-SE-A All-Share yield Building & Construc ... Banks, Merchant . Paper, Pckg & Printing

Other Services & Bsns.

FT Ordinary Index FT-SE-A Non Fins p/e 17.85 -35.0 FT-SE 100 Fut Mer (8.71) 8.72 10 yr Gift vield (2.20) Long gitt/equity yid ratio:

#### Worst perform 1 Spirits, Wines & Cider ... Electronic & Elec Egot +0.0

#### **GrandMet** under pressure

Shares in spirits and foods group Grand Metropolitan. with a \$710m bond issue priced yesterday, tumbled 14 to 386p after Kleinwort Benson downgraded its rating on the stock.

The investment bank moved its recommendation from a "buy" to a "hold" and blamed the poor market reception for GrandMet's £1.7bn acquisition of US group Pet for the change of recommendation. Mr David Thompson at the broker said: We regard the acquisition as a good one, but it is a big one and it came as a surprise to the market. It will take some time to rebuild confidence."

Turnover, which included a block of 6m shares crossed at 379p, had risen to a hefty 15m hy the close, making it the most actively traded stock in the FT-SE 100.

Vague talk of a profits downgrading was heard late in the day after a press report mistak-enly suggested that GrandMet would have to pay substantially more for the convertible

#### Oil optimism

The oil sector was one of the few areas to shake off the general malaise, with some of the big institutions said to have been prepared to bet on a rising oil price over the year and chasing the oil sector's highest geared stocks.

Oil specialists said British Petroleum and Enterprise Oil offered the highest gearing to a rising crude oil price but that outperformed the rest of the integrated and exploration oil sub-sectors over the past year.

Enterprise, however, offered increased upside, according to one analyst, who pointed out that the shares had moved above a number of chart huy points, and that the indigestion caused by Elf's sale of its 50m share stake at 369p a share last November had now largely disappeared. It was also pointed out that the shares had suffered in the aftermath of the

failed takeover bid for Lasmo. Enterprise settled 3 harder at 404p, after 406p, the highest closing level since September 15. Turnover of 2.7m was well above usual levels of activity. BP, one of the UK market's

great successes last year, also bucked the overall market trend, edging up 2 to 424%p on turnover of 8.3m shares. Profit-taking in food retailer

Tesco, which cheered analysts with an upbeat trading statement for the Christmas period, left the shares 11/4 lighter at 241%p after an active business of 5.6m

Like-for-like sales in the 4 weeks to the end of December rose by an impressive 7 per cent, but one market watcher said simply: "It was a good performance from Tesco but the shares have performed well recently and there is little to go for at the moment."

The favourable statement from Tesco boosted sentiment in Argyll Group, 3 better at 272p, although persistent reports that J. Sainsbury is about to buy DIY subsidiary Texas Homecare from Ladbroke left shares in the food retailer trailing 31/2 lower at 420p. Ladbroke finished the session a penny easier at 173p

There was talk in the market that Dalgety was about to buy the pet food division of US group Quaker Oats. The shares were wanted and they closed 7 better at 410p.

BT was one of the FT-SE 100's worst performers, the shares slipping 71/2 to 398p on heavy turnover of 9.4m. but dealers said the fall was nothing more than a reaction to the recent bout of outperformance which, they added, triggered

pockets of profit-taking. Cable and Wireless contin-ued to attract keen support on the prospect of a move into the German telecoms market via a potential link with Veba, the German conglomerate. C&W shares settled 31/4 up at 3811/4p after 5.4m traded.

Vodafone suffered along with the rest of the market, easing a shade to 199p on turnover of 6.3m shares.

The earthquake disaster in Japan cast a shadow over the insurance group. Sector specialists insisted however, that worries over the composites' exposure to the tragedy had been overdone, "The impact on the UK composites will be small," said one analyst.

Sun Alliance and Royal Insurance were seen as the most vulnerable to the disaster claims. The latter closed 6 off at 269p and the former 5 easier at 296p. Commercial Union was the most heavily traded of the composites, the shares elipping 3 to 508p with 2.8m changing hands. There was plenty of two-way

activity in Abbey National. which dipped 5 to 430p on turnover of 4.6m, but the rest of the banks were relatively quiet. Among the merchant banks, Kleinwort Benson attracted more solid support and finished 2 higher at 547p, having

The market gave a good response to what was

touched 550p earlier in the

statement from BPB, the nel operator Eurotunnel 5 the few engineering shares to lower at 314p in nominal Lonplasterhoard manufacturer. which also said it was buying a don volume and 2.7m shares plasterhoard manufacturing traded in Paris. plant in Spain. BPB shares moved up 4 to 312p, their high-British Airways shed a further nervous 4, closing at 375p

ahead of Friday's results from deeply troubled US associate

IISAir, and P&O lost 9 to 575n

in turnover of 2.8m. BAA

gained 3 to 483p, with the stock

market locking into the airport

group's bumper traffic figures

Bowater added 3 at 440p in

modest 2.2m turnover as news

of a New Zealand disposal and

nlans to float an Australian

unit cemented hopes for a

greater concentration on core

operations. Magazine and secu-

rity printer Saint Ives bounced

for December.

est closing level since October The traumatic decline in Tadpole Technology after the profits warning continued apace, the shares plunging a further 44 to 208p, making a two-day drop of 126 or 38 per

Hotels group Forte came under pressure after NatWest Securities issued a negative

note on the stock. News of shuttle design changes after damage to some makes of car left Channel tun-

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#### 16 following a recent company TRADING VOLUME Major Stocks Yesterday Vol. Closing Day 000s price chan

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-1<sub>2</sub>

visit by analysts. A narrow Steve Thompson, market at best, the shares Joel Kibazo. closed up 12 at 338p. British Aerospace was one of Jeffrey Brown.

move ahead against the market, advancing 3 to 451p for a two-day gain of 7 as analysts speculated on the potential for operating benefits should BAe link up in turbo props with Franco-Italian joint venture ATR. Submarine maker VSEL added 14 at 1450p and Smiths Industries put on 6 at 467p, with both shares reacting in very thin turnover.

In contrast, metals business IMI dipped 9 to 304p following a sell note from Kleinwort Benson, while Rolls-Royce continued to elip, moving down by 21/2 to 1641/2p in turnover of 5.5m, including deals of 1.9m at 162p and 1.5m at 163p.

MARKET REPORTERS:

SSU8 Inice		Mid.	199	14/95		Close		Net	Dhy.	Gra	P/E
Р	пb	(Em.)	High	Low	Stock	p	+/-	div.	CCV.	yld	net
100	F.P.	4.99	99	9012	Asset Man Inv	99		-	-	-	-
-	F.P.	4.356.2	259	245	BSkyB	254		₩-	-	-	47.8
-	F.P.	38.4	64	43	Brit Assets Gth	6212		-	-	-	-
•	F.P.	1.63	812	512	Cale. Media Wrts	25		-	-	-	-
-	F.P.	68.9	173	133	Ctydeport	167		FIN3.51	-	2.6	
\$10	F.P.	35.1	625	585	First Russian Fr	585	-5	-	-	-	-
500	F.P.	45.1	510	490	Gartmore Mic Uts	508		-	-	-	-
-	F.P.	27.7	102	94	Hall Histor	102		N3.38	2.0	4.1	12.7
-	F.P.	216.5	92	8014	Invest Capital Gth	8712		-	-	-	
-	F.P.	92.8	39	36	Do Inc Annuity	3712		F5.3	-	17.7	
100	F.P.	27.0	103		Kila Capital	100		FAO	-	5.0	
-	F.P.	27,9	55	531 <sub>2</sub>	Lazard Bata India	5334			-	-	
-	F.P	3.29	2212	301	Do Warrants	3112			-	-	
53	F.P.	5.53	312	3	MICE Group	314		bN0.1	3.2	3.7	10.4
100		42.5	94	92	Matheson Lloyds	85			-	-	
-	F.P.	21.0	130		Pentex Od	105		-	-	-	
175	F.P.	34.8	210		RM	207	+1	N4.8	3.1	29	13.8
192	F.F.		186		TeleWest	17512	+4	-	-		
130	FP.	17.6	102		Wellington Un.	102		-	-	-	
	F.P.	262.1	128		Woodchester Units	125				-	

(APT) E FT-SE 100 INDEX FUTURES (LIFFE) \$25 per full index point Open Int. Low High Open 58007 3113.0 3065.0 -35.0 -35.0 3096.5 E FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point -10.0 FI-SE 100 INDEX OPTION (LIFFE) (3055) 210 per full index point Calls 5.284 Pers 8.061 ■ EURO STYLE FT-SE 100 RIDEX OPTION (LIFFE) \$10 per full index point 2925 2975 2875 2826 2875 3025 181 1 131 1 81 1 5½ 2 6 185½ 5½ 151½ 11 111½ 21 77½ 36½ 206 18 185½ 23 130 41 56½ 55½ 225½ 73½ 150½ 150½ 10 285½ 34½ 285½ 34½ 283½131½ FINANCIAL TIMES EQUITY INDICES Jan 17 Jan 18 Jan 13 Jan 12 Jan 11 Yr ago 2345.0 2385.6 2345.8 2339.4 2851.4 2823.3 2713.6 2240.6 4.46 4.42 4.45 4.47 4.45 3.55 4.61 3.43 8.54 6.46 6.54 6.58 6.53 4.06 6.76 3.62 17.69 17.95 17.70 17.85 17.72 31.32 33.43 18.94 17.13 17.28 17.14 17.09 17.18 29.03 30.80 18.67 Ord. div. yield Earn. ytd. % full

Open	9.00		change 11.00		13,00	14.00	15.00	16.00 . High	Low
2367.7	2366.0	2956.0	2356.3	2355.4	2954.7	2351,A	2347.8 2	348,1 2309.0	2345.0
			Jan 17	Jan	16	Jan 13	Jan 12	Jan 11	Yr ago
SEAQ be	uceire		21,18	B 21	,244	18,430	19,770	21,459	36,980
Equity tu		Smit .		12	27.7	1248.0	1312.9	1409.4	· 2170.1
Equity be				- 22	,572	26,334	27,587	20.856	44,501
Shares 1				- 5	81.7	590.7	660,7	618.8	205.3
†Excluding			iness and	Overhead	n, turnow	w,			

Jun % chg Jun Jun Your 16 am day 13, 12, 200 2368.37 1782 62 Cold Mines John (M. 1808.93 -1.3 1832.79 1854.12 2318.26 2.42 2752.67 -3.1 2841.64 2867.06 3141.10 5.12 3711.67 2304.46 Atrica (16) Australesh North Ame on Limend 1995.

#### described as an upbeat trading BP had already substantially FT - SE Actuaries Share Indices -0.7 3076.7 3048.3 3033.2 3437.0 -0.2 3473.9 3466.3 3471.0 4013.3 -0.2 3484.2 3476.5 3481.2 4024.4 -0.6 1538.7 1526.9 1521.7 1732.3 -0.9 1575.0 1564.0 1556.9 1754.5 -0.3 1502.3 1489.7 1487.3 1666.7 -0.1 1742.10 1740.08 174.23 1978.85 -0.1 1719.80 1719.87 1720.45 1943.61 -0.8 1522.47 1511.59 1508.95 1715.63 18.24 2.68 19.06 5.93 17.77 2.15 18.82 1.63 15.95 2.37 17.80 0.90 19.40 1.09 17.51 1.21 17.00 1.56 1167.16 1308.33 1310.66 1196.17 1003.50 988.03 1361.20 1348.37 1204.06 FT-SE 100 FT-SE Mid 250 FT-SE Mid 250 ex 4,22 3,65 3,79 4,09 5,10 3,06 3,32 3,52 4,03 7.27 6.26 8.76 7.04 7.50 6.58 6.32 7.08 8.98

		Jan 17	Day's chge%	Jan 18	Jan 13	Jan 12	Year	Div. ylaid%	Earn ylek:1%	P/E	Xd adj.	Total Return
10	MINERAL EXTRACTION(25)	2671.97	-0.2	2678.64	2652.74	2640.48	2606.42	3.52	5.07	24.93	0.00	1078.72
12	Extractive Industries(7)	3577.02	-1.1	3616.70	3613.69	3575.96	3827.48	3.39	5.44	22.72		987.05
15	OR, Integrated(3)	2372.26		2672.22	2843.80	2633.44	2540.38	2 64	5.62	22.15	0.00	1103.53
18	Oli Exploration & Prod(15)	1879.05		1878.18	1860.90	1862,70	1941.80	2.60	±		0.00	1087.18
	GEN INDUSTRIALS(279)	1845.63	-0.2	1852.46	1840.02	1836.71	2134.44	4.22	5.76	20.75	0.22	949.95
21	Building & Construction(38)	960.12		956.92	957.83	962.35	1459.44	4,04	6.35	20.57	0.00	758.09
	Building Matts & Morchs(32)	1755.36	-0.2	1759.72	1747.04	1753.58	2343,23	4,26	8.18	19.51	0.00	835.41
	Chemicals(23)	2283.14			2276.12			4,14	4.79	26.10	0.50	1020.34
	Diversified industrials(16)	1811.26	-0,4	1818.65	1799.78	1788.33	2134.63	5.20	6.34	16.21	0.00	937.84
	Electronic & Elect Equip(36)	1904.36	-1.1	1926.27	1923.63	1921.91	2143,81	3.98	6.71	17.74	0.75	941.38
	Engineering(72)	1769.54		1770.47	1764.34	175B.91	1860.B5	3.41	5.52	21.25	0.47	1020.30
27	Engineering, Vehicles(13)	2131.48	-0.1	2134,54	2124.41	2132.13	2352.66	4.69	1.61	80,001	0.00	1043,40
28	Paper, Pekg & Printing(28)	2803.36	+0.1	2805.78	2769.40	2752.48	2930,11	3,19	5.78	20.22	0.00	1112.20
29	Textiles & Appendi(21)	1518.31		1518.46	1511,59	1518.77	1986.00	4.48	6.46	20.11	0.00	869,29
30	CONSUMER GOODS(95)	2795.29	-0.5	2821.74	2800.56	2787.23	3017,32	4,32	7.26	18 02	7.07	873.90
	Brewerles(18)	2197,54	-0.7	2212.81	2188.90	2181.85	2416.63	4.36	8.14	14.83	10.13	1005.92
32	Spirits, Wines & Ciders(10)	2601.02	-1.5	2647.80	2824.51	2626.91	3060.73	4.38	7.31	15.80		887.92
33	Food Producers(24)	2314,75			2328.95			4.23	7.61	15.60		986.51
34	Household Goods(10)	2418.36	-0.1	2419,59	2399.78	2389.46	2769.33	3.68	7.46	18.15		876.26
	Heelth Care(18)	1570.68	-0.2	1576.DE	1566.78	1567.47	1885.10	3.18	3.44	40.80	0.43	917.51
37	Pharmaceuticals(13)	3304,48	-0.8	3332.39	3317.22	3287.27	3228.88	4.07	6.47	17.80	0.00	1080.04
38	Tobacco(2)	3805.23	-0.8	3837.09	3750.11	3748.34	4362.33	5.65	e.57	11.40	0.00	868.00
40	SERVICES(231)	1876.74	-0.2	1883.28	1870.03	1867.21	2168.88	3.34	7.13	16.78	2.00	931.15
41	Distributors(32)	2494.62		2495.51	2481.01	2488.95	3111.04	3.75	12.48	9.71	1.53	872.25
	Leisure & Hotels(29)	2093.88	-0,5	2104.97	2095.17	2095.93	2297.66	3,44	5.65	20.88	6.99	1041.77
	Media(43)	2724.33	-0.1	2726.98	2097,25	2712.07	3108.39	2.58	5.66	19,41	1.79	949.20
	Retailers, Food(16)	1766.63	-0.4	1770.89	1749.24	1738.23	1848.57	3.72	9.02	13.60	1,85	1067.40
	Retailers, General(45)	1558.14			1553.46			3.43	7.46	16.64	1.44	848.83
	Support Services(35)	1502.09			1487.99			2.79	6.39	18.44	0.30	920.14
	Transport(21)	2228.99			2245.47			282	a 33	18.64		880.54
_	Other Services & Business(7)	1252_80		1252.18	1248,46	1250.81	1260.68	3.57	3.56	38.59	2.62	1089.30
	UTILITIES(37)	2401.18			2418.26			4.48	7.75	15.72		945.31
	Electricity(17)	2490.81			2510.82			3.91	10.11		13.80	1063.30
	Gas Distribution(2)	2054.88			2045.78			5.83	#	#		965.15
	Telecommunications(5)	2013.63			2032.00			4.06	7.43	16.48		873.92
	Water(13)	1762,11			1769.95			5.68	13.62	8.01	4.62	898.52
_	NON-FINANCIALS(867)	1645.33		1664.61	1643.68	1638.29	1825.18	4.00	9.70	17,86	2.02	1176.63
	FINANCIALS(119)	2094.61			2086.78			4.61	9.64	12.07	0.06	836.41
	Benks, Retail(9)	2731.97			2716.54			4,48	10.48	10.92		822.72
	Banks, Merchant(8)	2959.36			2927.08			3,75	9.43	12.38		898.62
	nsurance(27)	1162.93			1159.92			5.38	10.12	11.27	0.03	804.13
	Life Assurance(6)	2364.93			2347.88			5.40	7.88	15.48	0.00	915.26
	Other Financial(23)	1870.46			1863.10			3.98	7.60	15.69	0.45	1010.72
	Property(46)	1364,47		13/6.05	1375.60	1368.92	7/82.84	4.41	7.80	16.05	0.12	791.78
	INVESTIMENT TRUSTS(183)	2626,42			2619.16			2.37	2.04	48.95	210	888.10
39	FT-SE-A ALL-SHARE(919)	1513.87	-0.6	1522.47	1511.59	1506.95	1715.63	4.08	6.98	17,00	1.56	1204.06
	-A Fledgling	1000.20			1000.84			2.88	-	_	0.97	1001.17
- 51	-A Fledgling ex lay Trusts	1002.83	_02	1005.06	1002 05	1004 ER	-	3.04	_	_	1.05	1003.89

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	Ореп	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
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Time of FT-SE 100 Day's high: 8.48am Day's low: 2.45pm . FT-SE 100 Hoh: 3520,30/2/94) Low: 2876.8/24/6/94

#### ■ FT-SE Actuaries 350 Industry baskets

	Ореп	9.00	10,00	11.00	12.00	12.00	14,00	15.00	16.10	Close	Previous	Chartge
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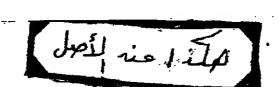
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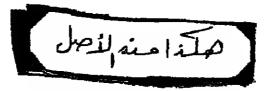
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7 Modos 7 Modos 8 Modos 9 Modos 8 Modos 9 Modos 8 Modos 9 Modos 8 Modos 8 Modos 8 Modos 9 Modos 8 Modos 8 Modos 8 Modos 9 Modos 8 Modos 9 Modos 8 Modos 9 975 1,4210 3,350 548 1,670 1,040 6,320 2,130 2,130 2,130 2,120 960 2,120 960 2,120 960 2,120 960 900 900 900 1,060 Dalmers Dalmer ACAMA Amenical CityOv CycCar C 4.270 7.202 13.865 14.22.862 11.900 2.862 11.900 2.862 11.900 2.862 11.900 11.800 12.800 11.800 12.800 11.800 12.800 11.800 11.800 12.800 11.800 12.800 11.8 544 30355 18065 8046 500 3200 6850 13300 47170 34150 1300 Binderdi BioChP Cauchto Cauchto Cristero 6TC 8 JCGuttu MERICA Markho Prvigo Obsegra Victori **AFRICA** SOUTH AFRICA Lian 17 / Rand) US INDICES INDICES ABSA AECI ABIGO AB Jan Jan 17 15 High Ш Low 3978.36 3583.35 (317/34) (4/494) 105.01 93.58 (217/84) (3012/94) 1882.26 1371.89 (22/94) (37/34/49) (22/18/94) 41.22 (27/52) 54.99 (17/0/81) 12.32 (9/7/32) 10.50 (6/4/32) 2878.36 (S1/1/94) 189.77 (18/10/33) 1882.26 (2/2/94) 236.46 (31/8/93) Microso PC Stor 1978) Notherband 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| 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 | 270 Goldon 27,000 — \$8,000 18,000 Antipol Advisorio Actional Antipol Advisorio Actional Act Now Zeeland Cap. 40 (1/7/86) 84 482.00 438.92 (2/2794) (4/4/94) 25 553.10 510.05 (28/16/94) (21/4/94) 02 48.94 38.87 (14/6/94) (22/11/94) 4.40 (1/6/32) 3.62 (21/6/92) 8.84 (1/16/74) 492.00 (2/2/94) 583.18 (28/10/94) 48.48 (28/9/83) -1 228 147 -1 210 128.50 -1.50 155 79 -.50 34.60 21 -.50 57 48 -.50 67 48 -.50 147.702.50 263.14 (4/499) 420.23 (3/12/94) 683.79 (2/8/94) 257.71 (2/2/94) 487.88 (2/2/94) 8(3.82 (18/3/94) 4.45 (25/4/42) 29.51 (9/12/72) 54.67 (51/10/72) France SCF 250 (\$1/12/50) CAC 40(\$1/12/50) Germeny FAZ Adden(\$1/12/50) Commerchank(1/12/50) DAX (\$0/12/60)† Jen 8 Dec 30 Y 2,76 2.79 Jan 4 Dec 28 Y 2,45 2,44 18,71 18,78 E TRADENG ACTIVITY Year ago 2,62 Year ago 2,40 27,43 Dow Jones Ind. Div. Yield 2.73 Jan 13 S & P Ind. Div. yield 2.44 S & P Ind. P/E ratio 18.78 E NEW YORK ACTIVE STOCKS 284 222 61 164 312 78 354 170 380 206 77 200 778,47 2219,2 2085,84 769.67 2194.3 2055.62 Change on day -% -% -% +% +% +% +% +% +% +% +% +% +% (million) Jan 18 Jan 13 Jan 12 SE 314.794 338.511 312.508 12.137 13.009 15.867 275.527 287.540 275.112 Chase prices 3574 574 1374 4 3476 4 117/2 217/6 777/6 3814 Stocks traded 5,980,900 4,638,800 4,625,800 3,618,000 2,968,800 2,858,200 2,841,900 2,708,200 2,550,400 New York Array Array MASDAO NYSE Insule Trac Rises Felle Unchanged New Hight New Lows Teleforces RJR Nebiss West Bloc GTE Blobmi Mar Honeywelli Citicorp Wal-Mart EM Merck NORTH AMERICA NORTH AMERICA CAMADA TORONTO (Jan 17 / Can S) 4 pm close SOAASS ARRD 1954 18502 Arrole 12 21000 Arrole 18503 2,927 1,448 774 707 74 24 2,953 1,689 849 625 66 42 2,929 1,132 1,050 747 31 64 1288.48 6/1094 1138.48 5/1094 271,76 16/1/65 137.81 11/1/65 1332.54 1181.55 278.77 147.29 1314.78 1188.34 271.76 143.55 1540.19 31/1.64 1311.01 2/2/64 365.19 5/1/64 191.79 28/9/94 Open High Open Sett Price Change High Mer 471.70 470.80 Jun 475.10 474.70 E NEIdel 225 Mer 18310.0 19350.9 Jun 19400.0 18380.0 Open Interest figures for previous day. 55,926 808 472.15 475.25 Priose apopted by Talators Jan Feb E SOFFEX Jan Feb NOTES - Prison on this paper are to cooled on the believable securings and for hundy lost tracked prison. 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1894/95 https://Low Stock 11 ½ 8½ GV Rett 15% 7<sup>1</sup>4 Gycare Sys 25% 13½ GypSro 33<sup>3</sup>2 23<sup>1</sup>2 GypArox x 41<sup>7</sup>5 12<sup>5</sup>8 GypSc

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47. 27. FM Inser

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10% 12% FT Destin

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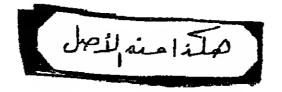
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**NASDAQ NATIONAL MARKET** 

# Germany

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Lan (121)

# Dow flat as rate fears are reawakened

in occupancy levels and room

at \$32%, said worldwide sales

of pharmaceutical and nutri-

tional products increased 8.9

per cent to nearly \$5bn in 1994.

Weyerhaeuser lost \$1/4 at \$40

although the paper and timber

company reported net income for 1994 was up to \$589m from

\$579m in 1993. Honeywell

climbed \$% at \$34%, in spite of

a decrease in earnings for last

after releasing lower-than-ex-

pected results. NationsBank

lost \$11/2 at \$47. Chemical Bank-

ing dropped \$1/2 at \$38% and Chase Manhattan Bank fell \$1/2

at \$35. Banc One, which saw

nst interest income decline.

rose \$\% at \$28\% because fourth

quarter results were not as

Toronto was lower at midday

as investors awaited an expected sharp rise in the Bank of

Canada's key lending rate later

down at 4,159.50 by noon in

volume of 24.9m shares.

The TSE-300 index was 5.20

Interest rate-sensitive stocks

were under pressure, awaiting

an expected 96 basis points rise

in the central bank's key lend-

ing rats, in response to the

weak Canadian dollar, which

earlier hit a new nine-year low.

indices, nine showed losses at

to 3,027.01 and pipelines were

Of the market's 14 sub-

Financial services fell 35.03

poor as expected.

Canada

in the day.

midday.

Several banks lost ground

Abbott Laboratories, up \$\%

**Wali Street** 

US shares were nearly flat yesterday morning, reflecting the competing interests of relatively strong corporate results and renewad fears of an increase in interest rates, writes Lisa Bransten in New

By 1 pm the Dow Jones Industrial Average was down 0.34 at 3,932.00. The Standard & Poor's 500 gained 0.64 at 470.02, the American Stock Exchange composite climbed 0.98 to 438.51 and the Nasdaq composite rose 8.33 to 771.49. Trading volume on the NYSE was 187m shares.

Since last Friday, the market had risen by nearly 75 points as weaker than expected economic news reduced fears that the Federal Reserve would raise interest rates. Yesterday's release of December capacity utilisation and industrial production figures showed the economy moving full steam

Industrial production - a measure of the total output of US factories, mines and utilities - jumped 1 per cent, well above expectations of about 0.8 per cent. Capacity utilisation was also above expectations at 85.4 per cent, the highest level since October 1979.

The earnings reporting season began in earnest yester-day, and the release of financial information by a host of companies drove some market activity. Hilton Hotels was up \$% at \$65% after reporting an increase in 1994 revenues, which it attributed to increases

# Mexico up on auction

supported by a successful auction of tesobonos, dollardenominated, peso-settled secu-The IPC index was up 2.20 to

MEXICAN equities were

2,245.21 at midsession. The Banco de Mexico said

that rates for 91-day Treasury bonds rose 25 basis points to 19.75 per cent on demand that far outstripped the \$150m offering. The new peso also strengthened against the

day that the Latin American markets were recovering their composure following the peso devaluation, although some countries remained under

greater pressure than others. The broker's strategists, at a presentation in London, said that in spite of the recent turmoil, tha upside in Mexico remained greater than the downside. It was underweight for Argentina, Mexico and Venezuela, neutral on Brazil and overweight for Brazil, Colombia and Peru.

BRAZIL saw equities in São Paulo ease from the day's highs to stand 2.0 per cent up in light trade by 1 pm. The 41,396 in turnover of R\$183m (\$216.6m).

A balance of payments surplus for the first 16 days of

#### S Africa under pressure

Jobannesburg finished another trading session sharply lower as investors remained wary, resulting in

low trading volume. Renewed selling of Sonth African stocks from offshore, especially of ADRs in New York, contributed to the

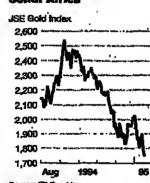
The overall index fell 81.2 to 5.515, industrials dropped 91.8 to 6,732.4 and golds receded 24.8 to 1,753.8.

Traders said, however, that the golds index was likely to turn higher if the price of bullion remained steady.

De Beers continued under

pressure after an afternoon decline on Monday, ending R1.75 lower at R93. Anglos lost an early gain to end unchanged at R212 and Gencor dipped 25 cents to R13.25. Remgro retreated 75 cents to

#### South Africa



R26.75 and Barlows was 75 cents down at R34.50. Sappi fell R2 to R68, Sasol dipped R1.50 to R30.50 and Stanbic dropped R7 to R105, but Nedcor put on 75 cents at R41.

0.6 163.49 107.38 137.54 145.82

yright, The Financial Times Limited, Goldman, Sachs and Co. and Natificat Securities Limited. 1967 and references recognitive for this action. James closed 1861/86

# Late selling pressure in Milan reopens wounds

The effect of the Japanese earthquake on European reinsurance companies was not expected to be significant, analysts commented yesterday.

Munich Re

Share price (DM)

3.600 ...

3,400

3,200

3.000

2600

capacity utilisation data

pushed prices across the Conti-

MILAN's respite from the

political turmoil of recent

weeks looked like being short-

lived last night. Shares had

marked time for much of the

day, consolidating the 5.1 per cent surge seen on Monday, as

investors awaited details of Mr

Lamberto Dini's technocratic

government, and the names of

However, one Milan broker

his non-partisan ministers.

nent lower in late trading.

Mr Tom Bennett of Paribas in London noted that Munich Re, down DM20 at DM2,732, the world's biggest reinsurer, had an "earthquake contingency fund" of some DM420m, and that last year's California eartbquake bad cost it DM150m. There would be no impact whatsoever on the profit and loss account, be added; Japan was known as a high risk zone in any case; and yesterday's earthquake in spite of the damage caused was less than the worst feared. Scor, the biggest French reinsurer and seventh ranked globally, lost FFr5.50 or 4.7 per cent at FFr110 - this was also

put down to a knee-jerk reaction, with the longer term impact likely to be minimal. Swiss Re, down SFr14 at SFr739, was also unlikely to be hurt - its premiums derived from Japan amounted to between 2.8 and 3.8 per cent of the total, while those out of the US and Canada amounted to 28 to 30 per cent.

Higher than expected US industrial production and

dom Alliance of Mr Silvio Berlusconi, the outgoing prime minister, would not support the new government.

other legislation.

The Comit index registered a rise of 4.48 to 671.35, but the real-time Mibtel index, which saw a day's high of 10,842, finished 119 down at 10,604. Among shares that tradition-

ally have been popular with foreign investors. Fiat shed L169 to L6,517, Generali fell L696 to L39,527 and Telecom Italia gave up L27 to L4,215. Credito Romagnolo dropped L1.249 or 6.9 per cent to L18,215 as the start of the new bourse month meant that investors could no longer buy stock for use in the two public buy

offers currently in play.
FRANKFURT slipped marginally in after-hours' trade fol-lowing the release of the US data. The DAX index eased 1.77 to 2,083.87. and in Ibis trade closed at 2,081.37. Turnover amounted to DM5.9hn.

said thet massive selling pres-sure emerged in the last 20 minntes of trading as news fil-Shares in the car sector

This would leave Mr Dini with a wafer thin majority in the lower house of parliament and present him with substantial difficulties in pressing ahead with a mini budget and

FT-SE Actuaries Share Indices

THE EUROPEAN SERIES Opes 10.30 11.00 12.00 13.00 14.00 15.00 FT-SE Eurotrack 100 1333.50 1334.12 1334.41 1334.33 1333.53 1331.55 1328.25 1328.65 FT-SE Eurotrack 200 1389.72 1389.24 1389.29 1390.37 1388.65 1388.34 1384.35 1388.58 Jan. 12

weakened, with Volkswagen affected by another strike at its Spanish subsidiary. The shares fell DM4.70 to DM418.00, slipping to DM416.80 later. Daimler-Benz lost DM5.70 at

in the Ibis, while BMW shed DM1.00 to DM773.00, and to DM769.40 after hours. PARIS was weaker on fears of rising US rates. The CAC-40 index declined 15.87 to 1,856.94. Turnover was FFr3bn.

Some positive stories were around. Michelin went against the trend, appreciating FFr2.30 to FFr206.90, as investors speculated that the tyre manufacturer might increase prices

Alcatel Alsthom, up FFr1.70 to FFr466.90, announced that it had been awarded a contract in Pakistan, but Eurotunnel fell 40 centimes to FFr26.30 in reacJac 11 1314.95

tion to reports that some cars had been damaged while being loaded on to the shuttle. ZURICH found its early attempts to remain in positive

territory unsustainable after Wall Street's early weak per-DM755.50, and stood at DM756 formance and the higher than expected US capacity utilisa-tion and industrial production data. The SMI index surrendered 8.8 to 2,582.8 as futures related selling also put pressure on the market.

Cyclicals continued to benefit from the favourable economic outlook, with BBC moving forward SFr4 to SFr1.150 and Schindler advancing SFr200 to SFr7,700.

Roche certificates eased SFr20 to SFr6.245 ahead of today's release of 1994 sales figures, forecast to rise by between 1 per cent and 3 per cent. Sandoz, up SFr1 at

figures on Thursday, with analysts forecasting an increase of between 3 per cent and 6 per

AMSTERDAM supped mildly, with losses spread throughout the leading stocks. The AEX index dipped 1.49 to

Philips remained active. down 10 cents at F154.40, while Unilever receded FI 2.00 to F1 201.70 with oversees institu-

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tions active.

MADRID saw slight losses after a calm day, compared with recent sessions. Dealers said that investors were wary after two days of advances, although the market was remaining more optimistic as long as there was nothing new to destabilise the political situation. The general index eased 0.54 to 281.90.

Telefónica moved ahead Pta20 to Pta1,540 and accounted for almost a quarter of total turnover, which was a moderate Pta23.5m. The recovery in the US quoted stock was attributed to the improv in the dollar and Latin American markets.

Written and edited by John

# Nikkei lower as investors await details of earthquake

Tokyo

Share prices closed lower on futures-linked selling, together with sales from foreign institutions, although many investors refrained from trading following the earthquake in central Japan, agencies report, The Nikkei 225 average lost

89.85 at 19,241.32 after a low of 19.087.94 and high of 19,361.98. The market was closed on Monday for a holiday.

The Topix index shed 8.59 to

1,503.20 and the Nikkei 300 slipped 1.69 to 276.64. Volume on the first section was estimated at 210m shares down from 370.4m on Friday. Retreating issues outnumbered advances by 633 to 319, with 187 stocks unchanged. In London the ISE/Nikkei 50 index eased 0.99 to 1,239.61.

The March Nikkei futures contract was down 70 at 19,350 on the Osaka securities exchange, where morning session trading was suspended because of the earthquake. The exchange said it would resume today.

Brokers said many investors were out of the market after the earthquake in the Kansai region, as they were uncertain of near-term prospects for the bond market, which saw a sharp sell-off.

Brokers reported selling among non-life insurers, while construction issues attracted moderate buying interest as expectations rose that they would benefit from orders. Obayashi jumped Y47 to Y685 on volume of 5.6m shares, the largest for the day, while Okumura soared Y66 to Y800 on the day's second biggest turn-over of 4.5m shares. Sumitomo Construction forged ahead Y35

Analysts commented that they believed non-life insurers had been oversold. They added that the high reinsurance coverage of non-life insurers, low levels of domestic earthquake coverage - particularly in western Japan – and a rela-tively low maximum cap on earthquake insurance claims would limit the impact of the earthquaks for non-life

In the sector, Tokio Marine

& Fire Insurance dropped Y40 or 3.5 per cent to Y1,100, Mitsui Marine & Fire weakened Y37 or 5.2 per cent to Y678 and Yasuda Fire & Marine declined Y22

or 3.1 per cent to Y680.

Although some economists forecast that the total damage from the earthquake could exceed Y1.8 trillion (million million), the liability of nonlife insurers for any one earthquaks was limited to under Y200bn

Roundup

The region followed individual stories. Karachi was closed for

HONG KONG rallied for the second straight day as further foreign demand helped the market to recover from its deep losses of last week. However, selling re-emerged as investors moved to lock in profits on the issues posting tha strongest gains, while futures remained volatile.

The Hang Seng index rose 102.27 or 1.4 per cent to 7,606.51. The index recouped 3.5 Monday. skidded 5.6 per cent lower last

Commercial and industrial counters put on the most gains. Hutchison Whampoa advanced 45 cents to HK\$27.75, Swire Pacific HK\$1.20 to HK344.20 and Mandarin Oriental 30 cents to HK\$8.30.

Property and finance counters also rose but lagged behind the broad market. Cheung Kong increased by 5 cents to HE\$27.95 and Henderson Land gained 70 cents at HK\$35.20.

SEOUL picked up from its lows as the Korea Securities Dealers Association announced that members would buy more shares than they sell to keep the stocks from falling further. The composite index finished

0.92 down at 956.96, baving fallen to 949.68 at one stage, reflecting further sales of blue chips and large-capitalisation

doldrums, losing 8.8 per cent since the start of the year, amid worries abont tight liquidity, and only partially reassured by the central bank's pledge to maintain a flexible money supply policy.

TAIPEI fell as a number of

171.58 162.16 106.92 136.80 144.98 180.80 166.19 170.34

during the day as most invesnegative factors continued to burt market sentiment. The weighted index dipped 20.86 to 6,515.79. Turnover was a slow T\$44,25bn Analysts also said many nvestors were now not buying

ahead of the Chinese new year, which falls on January 31. The cement sector went against the trend, firming 1.8 per cent, with Chia Hsin Cement up TS1.9 or 5.5 per cent

to T\$36.2. Textiles declined 1.1 MANILA was strong on a technical rebound. The composite index ended 69.99 ahead at 2,554.40.

Index heavyweights PLDT Petron and Manila Electric led advances, the last mentioned adding 3.5 per cent at 292.50

SYDNEY was slightly higher after trading in a narrow range

tors awaited fresh developments. The All Ordinaries index put on 1.5 at 1,880.6, with turnover estimated at A\$389m. The index moved between a low of 1,877.8 and a high of

Finance sector issues were generally firm as gold and most service sectors, such as retailing and transport, eased by the close.

BHP moved ahead 8 cents to A\$19.40. In the mining sector CRA added 12 cents at A\$17.30 and WMC was up 7 cents at A\$7.30, but MIM slipped a cent to A\$2.13.

SINGAPORE closed mixed. with selected blue chips posting healthy gains but the Straits Times Industrial Index giving up an intraday rise to finish lower, amid further switching out of Singapore and into Malaysia and Hong Kong. The Straits Times Industrial index was finally 1.35 off at 2,106.04 after touching 2,125.49.

KUALA LUMPUR saw strong gains in some key blue chip stocks which pushed the composite index 16.01 or 1.8 per cent higher to 926.76, with the mood helped by Wall Street's overnight performance and with fund managers moving in on stocks made attractive by the recent sell-off.

However, brokars were uncertain about the market's prospects, noting that a further rise in values would present

selling opportunities.
WELLINGTON posted a modest rise on volume which was the heaviest for the year so far. The NZSE-40 capital index moved up 7.4 to 1,935.58. although the smaller companies index slipped 12.45 to

3,884,61. Total voluma came

Bad inflation data failed to affect sentiment, baving already been factored in. BANGKOK was higher on bargain bunting in blue chips and new listing Electricity Generating (EGCO), although overall sentiment was cautious. The SET index improved

12.51 to 1,265.15, off a day's high of 1,271.57, in moderate turnover of Bt6.7bn. As much as 32 per cent of total market turnover involved trading in shares of EGCO. which made its debut on Mon-day. It receded Bt6 to Bt54,

against its IPO price of Bt22.

JAKARTA closed firmer in moderate trade, driven mainly by local players as foreign fund anagers remained net sellers. The official index put on 1.81 or 0.4 per cent at 449.10.

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